



Queensland University of Technology
The Australian Centre for Philanthropy
and Nonprofit Studies



Is Philanthropy Relevant? A Study of **PROFESSIONAL ADVISERS** in Australia



WORKING PAPER NO. CPNS 43
July 2009



KYM MADDEN

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Thanks go to all the financial and legal advisers who participated in this study. We value your input in helping to benchmark change in the advisory sector and your honesty, whether interested in philanthropy or not.

Also, without the assistance of firms, peak bodies and others who helped raise awareness and encouraged adviser participation, this study would not have been viable. We acknowledge the contribution of (in alphabetical order): Goldman Sachs JBWere, Macquarie Private Wealth, Merrill Lynch, Perpetual, The Ethical Adviser, The Financial Planning Association, The Institute of Chartered Accountants, The Society of Trusts and Estate Practitioners, and UBS.

Special thanks go to those who personally encouraged advisers to take the time to complete the survey, especially Christopher Thorn of Goldman Sachs JBWere Philanthropic Services in Melbourne and Matthew Turnour of Neumann Turnour Lawyers of Brisbane.

EXECUTIVE SUMMARY

Internationally, the role of *intermediaries* between donors and the nonprofit sector in smoothing the path to higher levels of charitable giving has come into the spotlight. High-level donors seek to be informed about giving well, and demand for donor education and guidance is growing.

Particular interest is being given to paid professionals as ‘trusted advisers’ who already offer financial or legal advice to individuals. Given their pre-existing knowledge of their clients’ affairs and their promise to provide advice that best serves a client’s interests, they are *ideally* placed to assist in ‘smart’ giving decisions, whereby how, when and what gifts are made suits the donor’s overall personal and financial situation. Moreover, opportunities for such advisers to improve the donor decision-making process are increasing. In many countries including Australia, the array of options for giving to nonprofit organisations continues to expand, and technical requirements and taxation implications grow more complex.

Yet indications are that this potential is not being fully realised. Research in Canada, for example, suggests that one-third of financial advisers provide little, if any, counselling about philanthropic giving to their high-net-worth (HNW) clients and one in five advisers feel insufficiently prepared to do so. In the UK and the US, too, there is a gap in the philanthropy assistance available from financial and legal advisers, despite the UK situation improving in recent years and the US being a relatively mature market for philanthropic giving advice. In Australia, donor access to intermediaries who could help with philanthropy has been limited. In our first survey of advisers in 2002, we found that only 14% of respondents were willing to develop philanthropy strategies for clients. This grew to 50% by 2005, a sign of great improvement, yet still leaving a huge gap in counsel available.

This new study picks up the thread of Australian data to explore where advisers in this country now stand in providing philanthropic counsel. We report findings from a national survey of 235 professionals in mid-2008, before economic indicators plummeted. This timing has inadvertently proven useful given our interest in trends and it will be left to further research to explore the impact of the current crisis on these trends.

What did we find? Findings confirm a growing interest within the Australian advisory sector to act as philanthropic intermediaries, although we have not seen the same degree of change since 2005 as between 2002 and 2005. Advisers are now more likely to see benefits in providing this type of counselling, as well as benefits for their clients in engaging in philanthropy.

More Australian advisers are moving into this area of assistance but, on the whole, they are doing so tentatively. Few appear to be actively helping HNW clients clarify their philanthropic interests and to find expression of these through the right mix of philanthropic vehicles. Limits to their capacity to offer advice are in play, despite philanthropic services being advertised.

In this study, we also tested factors around adviser ‘profiles’, given that previous studies, including our 2005 survey, hypothesised whether advisers’ provision of philanthropic services might be predicted. The inclusion of additional survey questions allowed wider statistical testing and, indeed, showed that two distinct types of adviser exist. There is support for the notion of a ‘warm’ adviser in terms of his or her thinking and practices around assisting clients with philanthropy, as well as a ‘cool’ one. That ‘warm’ and ‘cool’ advisers on philanthropy exist may come as a surprise to clients - and even firms who employ them. For the warm adviser, the question of whether philanthropy is relevant is answered simply, *yes*; the cool, in contrast, would say *not so much*. This report explains the difference.

Further, findings point to a positive correlation between an adviser's own philanthropic behaviour and whether they advise interested clients about philanthropy. While the former may not be the *cause* of such behaviour, it does help to explain why advisers are willing to move into this new services space. Those who themselves gain satisfaction from giving are arguably more likely than their peers to see the value of philanthropy for their clients, as for the community.

Here are the key findings in summary.

On the positive side:

- 93% of all 235 advisers surveyed had a positive view of philanthropy.
- Advisers reported an annual donation of \$6,656 in 2007-08, more than *ten times* than for Australians generally in 2006-07 (\$440) and, incidentally, more than for financial advisers and planners generally (\$696).¹
- Only 8% said they *did not expect* their HNW clients to be interested in philanthropy and only 11% expressed concern that raising the topic might damage client relationships.
- The top reasons for providing philanthropic advice were:
 - Its potential to lead to client satisfaction (most supported reason);
 - Their advice could reduce a client's taxes;
 - That this kind of advice should be part of our overall service; and
 - It is important to make a difference if one can.
- 65% of survey respondents expressed a desire to discuss philanthropy with their HNW clients, with 63% interested in providing philanthropy advice themselves.
- Statistical tests show that there is a profile of a 'warm' adviser for the provision of philanthropy advice. This adviser is much more interested in philanthropy and better informed about philanthropic giving, discusses philanthropy with more of his or her clients, is more motivated to assist clients with philanthropy, and is more interested in philanthropy than their 'cool' peers are.

However, on the whole, the provision of this advice was constrained:

- 40% of the overall sample described themselves as uninformed about their clients' *interest* in philanthropy, and only 20% have discussed philanthropy with 40% or more of their HNW clients.
- 39% were unsure how *best* to advise their HNW clients about philanthropy, with some 40% reporting insufficient training.
- 45% believed that fluctuating financial markets would mean less client interest in philanthropy, however, 55% disagreed (keeping in mind that perceived client engagement in philanthropy was low).

¹ Note that these comparison figures are drawn from the Australian Taxation Office, thus only include donations made and claimed for deduction, and were for the year prior to the donation period referred to in the survey. Deductible gifts by postcode and occupation can be viewed online at:
<http://www.bus.qut.edu.au/research/cpns/postcode.php>

Overall, the findings suggest key needs around two primary issues

Issue 1: Discussing philanthropy with HNW clients - two needs

1. To see philanthropy as an essential part of an overall service to clients; and
2. For constraints to be addressed, particularly the view that philanthropy falls outside one's professional role and how to manage a negative client reaction.

Issue 2: Providing quality philanthropy advice - five more needs

3. To feel sufficiently informed to provide philanthropic assistance;
4. To have sufficient training to advise about philanthropy;
5. To locate philanthropic planning resources easily;
6. To have organisational support in providing philanthropic assistance; and
7. To see their peers providing high quality advice about philanthropy.

This survey raises questions that beg consideration by both the nonprofit sector and the advisory sector, especially peak bodies in both sectors that promote advice excellence. *If* it is useful that more advisers counsel clients about their philanthropic giving, what can be done to address the gap in advice that exists? How should adviser needs be addressed? What changes are warranted and how might these be achieved? Clearly, there remains a long way to go before the average financial adviser, accountant, or lawyer advising HNW individuals, includes philanthropy in their normal dialogue with clients, to test philanthropic interests not to fabricate them.

Discussions around these questions are needed across countries. The Australian advisory scene does not operate in a vacuum, as illustrated by the recent about-turns in the economies of the world. The trends we are seeing here reflect world trends – although it appears we are more limited in the advice we offer – and the challenge to improve donor advice is a shared one. There are signs that HNW interest in philanthropy is growing around the globe, including in Australia. With longer-term trends showing higher levels of wealth across a larger HNW population, the pressure for independent financial and legal advice about philanthropy will increase. How will that demand be met?

This survey has attracted more respondents than ever before, and more now come from the accounting and legal professions. The door is open to wider participation in future years.

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1.0 INTRODUCTION

This report updates what we know about the attitudes and behaviour of financial and legal professionals in assisting High Net Worth (HNW) clients with philanthropy. In particular, we provide fresh data on where Australian advisers sit in their thinking towards HNW clients and the services they provide. While news of the economic downturn continues to arrive on a daily basis, these findings provide insight into the deeper trends that are occurring in the Australian advisory sector.

There are three reasons why such information is worthwhile. Firstly, those who advise and influence potential givers are a *key* group for the nonprofit sector. Giving by those with higher than average means is of increasing interest to nonprofit organisations facing the need to grow private income streams to have the funding needed to contribute to the community in the coming years. Professional advisers - whether they are financial advisers or planners, private bankers, accountants, or lawyers – are in a position of trust and knowledge. They alone are privy to, and have unique understanding of, their clients’ personal interests and goals, family circumstances, and overall financial priorities and needs. What they say to clients, or do not say, about philanthropic options is critical.

Secondly, the topic is acutely relevant to individuals and families capable of large gifts to the community because it indicates the availability of philanthropic advice within established professional relationships. Donors want their giving to make sense, in terms of making a real difference without increasing risk to their own situation. Giving *well* is widely experienced as tremendously hard to achieve. Research into advisers’ attitudes and practices directly informs potential donors about the help at hand. To what extent do advisers know about philanthropy? Can they rely upon their advisers for help in decision-making?

Finally, the topic is relevant to professional firms in their bid to find and deliver innovative, value-added services for their profitable clients. How do they bring staff along if they choose to add philanthropy services to better meet all a client’s potential needs? How can firms better understand advisers’ views and behaviours so that they might implement strategies more effectively and efficiently?

The overriding question that this study explores is – ‘is philanthropy *relevant* to professional advisers themselves?’ It seeks to investigate similarities and differences across professional groups, and within these groups. There *will* be the view that philanthropy is not relevant to advisers in the current economic circumstances: that too many clients have lost too much from their asset base. It is true that a survey such as this provides a snapshot view in time. However, we are more interested in the mid to longer-term trends being seen among advisers. As we have been conducting research in this area since 2002, this report sheds light on how and to what extent advisers’ attitudes and behaviour are changing. In turn, findings suggest what is needed to expedite donor access to quality philanthropic advice.

The report is divided into five parts. In Sections 1 and 2, the study is set into context with reference to the literature and in Section 3, the research questions and data collection are explained. The overall findings are given in Section 4, along with the main differences that emerged between ‘warm’ and ‘cool’ advisers and the trends we are seeing in the Australian landscape. Section 5 considers the implications of the findings.

2.0 BACKGROUND

2.1 Definitions in this report

Adviser

The term ‘professional advisers’ is a broad one: those who are paid for their advice draw upon a variety of traditions, apply varying skill sets and use varying nomenclatures. This study focuses on those with formal financial and/or legal qualifications, thus excluding philanthropic advisers who may rely upon their experience in the nonprofit sector as the basis for advice. This is not to suggest that the latter cannot assist with philanthropic decisions, only to confirm that we are investigating existing advisory relationships relating to the use of personal funds or estate planning.

Those who may be asked about philanthropic options, or raise the subject of philanthropic interest, tend to be those involved in providing a planning function for clients - financial advisers, financial planners, private bankers, taxation accountants or trust and estate lawyers – rather than those involved in day to day investment decisions such as investment advisers and analysts, or stockbrokers. That is, advisers that are the subject of this study are those professional advisers who are directly involved in assessing their client’s personal needs and interests, based on their client’s individual circumstances, and assisting with financial and legal strategies that deliver desired outcomes based on their training. Those advisers with HNW clients are of particular interest because the larger financial capacity of such individuals opens up philanthropic options, compared to those with lesser wealth.

High Net Worth (HNW)

‘HNW’, ‘affluent’ and ‘wealthy’ are used interchangeably in this report to refer to individuals who have investable assets, outside their principal residence, of at least \$1.2 million or an annual taxable income of at least \$100,000.

Philanthropy

Philanthropy refers to substantial and on-going donations for a nonprofit organisation with the aim of alleviating or preventing community problems or to improve life and living conditions for people and creatures that have no claim on the givers.

The term ‘giving’ is also used in this report and refers to the making of donations to community organisations or causes by individuals more generally. The HNW commonly engage in giving, with fewer engaged in philanthropy.

Philanthropy services

This type of service encourages mutually beneficial relationships between investors and the nonprofit sector by providing strategic advice to HNW clients, which helps them to make philanthropic decisions.

Prescribed Private Funds (PPFs)

PPFs are a relatively new form of private philanthropic trust in Australia that is similar to the US family foundation. In essence, a PPF is a fund established by a will or trust instrument with Deductible Gift Recipient (DGR) status (that is, gifts to it are tax deductible to the donor).

2.2 Wealth drivers

The increase in the number of individuals in the global HNW segment over the past two decades has been remarkable (Aerni, Juniac, Holley and Tang, 2007; Datamonitor, 2006; Madden and Scaife, 2008a; Scorpio Partnership, 2008a). Not only has the size of this segment ballooned but their *average* wealth has too, estimated at over US\$4 million in early 2008, the highest in history. While pre-crisis predictions of an annual growth rate of 7.7% until 2012 are unlikely to be met, the wealth held at the top end is unparalleled (Merrill Lynch and Capgemini, 2008).

Australian figures reflect this international trend, with strong increases over time in the value of all investment classes since 1990 but especially since 2001. In particular, there has been a surge in the wealth of those at the wealthier end of the population (AMP and Natsem, 2008; Invest Australia and Axis Australia, 2007). A comparison of census data from 2001 and 2006 shows that while the gross income of the average Australian household grew by 31%, those living in the wealthiest areas increased by 36.5% (AMP and Natsem, 2008).

While the current global financial crisis is altering wealth levels of individuals, the longer-term expectation is for continued upwards growth in private wealth, on the back of assumptions that economies will ultimately rebound and intergenerational wealth transfers will continue to 2052. The HNW segment, in particular, is expected to benefit from the intergenerational transfer of assets over the next four decades (Havens and Schervish 1999). Indeed, this group has already benefited from rising levels of prosperity generally (Madden and Scaife, 2008a). Merrill Lynch and Capgemini (2008) projected that wealth held by the HNW population globally will reach as much as US\$59 trillion by 2012, a massive figure that may take a little longer to achieve now the depth of the current crisis is realised.

2.3 HNW philanthropy

While not all in the HNW segment give at a higher level and, indeed, may not give at all, a review of over 500 studies globally shows that charitable giving is positively correlated to increases in wealth (Bekkers and Wiepking, 2006). Moreover, giving by this group is escalating across many countries, including Australia, echoing the trend to a larger HNW population with greater wealth (Center on Philanthropy, 2007; Madden and Scaife, 2008a; Merrill Lynch and Capgemini, 2007). This is illustrated by membership growth of Philanthropy Australia, a peak body promoting HNW philanthropy, which increased by 9% in the year to 2008 (Bonyhady, 2009). Growing interest in giving by the world's HNW segment augurs well for the efforts of nonprofit organisations hoping to build higher levels of donor support in the future (Bendapudi, Singh and Bendapudi, 1996; Cugliari, 2005; Havens, Schervish and O'Herlihy, 2003).

Several factors are driving this change. For example, older individuals, sitting on a lifetime's wealth, are wondering if they wish to leave their substantial estates solely to their children or to broaden their net of beneficiaries to include the charitable sector (The Economist, 2004). As well, the HNW are discovering the benefits of higher level giving while they are alive (*inter vivos* giving). For many, there is the dawning realisation that their assets far exceed their family's current and future needs, and they are turning to philanthropy (Schervish, 2000).

While the impact of the current global financial crisis on HNW philanthropy is not well understood at this point, at the very least it is likely that there will be falls in giving by this segment, and that how they give may change. Donations dependent upon investment earnings will drop in the short to mid-term as will that depend on fluctuating disposable incomes, given slowed business activity, shrinking consumer spending, and increased unemployment. However, philanthropy is unlikely to be off the agenda. Giving USA (2008) shows that donations have dipped only about 1% through recessions since 1955. The caveat is that these are US figures and that the current crisis is worse than those of recent decades were. On the positive side, Australia has been weathering the downturn better than the US and many other countries.

While the future looks bright for philanthropy, private giving varies *widely* across countries (CAF, 2006). In Australia, while giving by the HNW has grown in line with wider trends, the wealthy give at substantially *lower* levels than those in the US and the UK, on average (Asia Pacific Centre for Philanthropy and Social Investment, 2004, 2005; Madden and Scaife, 2008a). Indications are that they also lag against neighbours in the Asian-Pacific region, which is undergoing a boom in HNW giving as well as a boom in wealth (Merrill Lynch and Capgemini, 2007, 2008). While all countries comprise a cohort of wealthy individuals engaging in philanthropy at low levels, arguably Australia has one of the larger proportions of HNW giving at a low level (McGregor-Lowndes and Newton, 2008).

A range of factors limits giving by HNW Australians (Giving Australia, 2005; Madden, 2006; Madden and Scaife, 2008a) although more data is needed to be definitive. Philanthropy research is nascent in Australia, like some other countries where philanthropy is a relatively new trend. For example, there are relatively few public examples of high level giving by peers, and donor desire for privacy is strong. This appears to be fuelled in part by cynicism shown for those who give in visible ways. Moreover, HNW Australians do not necessarily *feel* wealthy and can expect to need their money themselves. They also may believe, in the face of few giving benchmarks or reference points, that they *are already* generous, giving small but frequent gifts, employing others or serving on nonprofit boards and committees. Moreover, they may not have even considered engaging in higher level giving. Those who do give also appear to have limited awareness of tax-effective giving options, although they are interested in hearing about these (Madden and Scaife, 2008b). Some of these concerns also arise in other countries, such as the UK (Edwards, 2002). Overall, much *potential* appears to exist in to further developing philanthropy amongst this segment, with some countries such as Australia seemingly ripe for expansion (Asia Pacific Centre for Philanthropy and Social Investment, 2005; Madden and Scaife, 2008a; McGregor-Lowndes and Newton, 2007, 2008).

Apart from unique cultural considerations, two common constraints to HNW are low awareness of giving options and uncertainty around the best way to give (Madden and Scaife, 2008b; Stone and McElwee, 2004). This is where intermediaries such as professional advisers can work with nonprofit organisations in increasing awareness of clients' choices, drawing upon their often-longstanding relationships and knowledge of clients, to advise on the optimum option for their client's circumstances.

Backer and Friedland (2008) identify eight key types of donor advice by intermediaries. Others have also documented why and how intermediaries can facilitate philanthropic decision-making by the wealthy (for example, Johnson, 2000; Scorpio Partnership, 2008c). A key factor in providing such support is that as individuals become more 'seasoned' in giving, they are more inclined to want to 'do' philanthropy well. They want to be strategic (Pepin, 2005), for their giving to be effective, and to maintain control (Schervish, 2006, 2007; Schervish and Herman, 1988). It is in this space – the need for independent advice, support and contacts - that advisers can play a key role (Cohen, 2002; Johnson, 2004; Johnson, Johnson and Kingman, 2004; Van Hyfte, 1996).

2.4 Advisory environment

Profitability in the advisory industry, particularly in servicing the HNW, has grown substantially in recent years (Aerni et al., 2007) and Australian firms have not missed out. According to the Scorpio Partnership (2008c), the Asia Pacific region accounted for 13% of total global wealth management assets in 2007, a disproportionate increase that was nearly double the region's share in 2006. Even the turbulent environment of 2007 with its major sub-prime write-downs and the credit crisis saw an 11.6% median increase in assets under management in local currency terms and profit growth of 19.4%, suggesting that the growth in assets under management had decoupled from equity market performance (Scorpio Partnership, 2008a).

Moreover, potential exists to grow profits in the longer term by better servicing of the HNW market (Boston Consulting Group, 2006), with increasing attention being drawn to under-developed areas of advice and under-serviced sub-segments of that population. The World Wealth Report (Merrill Lynch and Capgemini, 2005) suggests that better assistance is needed with wealth transfer issues and that more can be done to meet the needs of those with assets between \$5m and \$30m (a sub-segment numbering over 12,000 Australians in 2005). There are also calls for the wealth management industry to move away from a 'one size fits all' approach and *deliver* on the promise to meet the diverse needs of the HNW segment, as well as the diverse needs of advisers (Merrill Lynch and Capgemini, 2008).

While leading firms have been working on this imperative for some time, sinking substantial resources into technology in efforts to do so, indications are that more flexible service-delivery models are needed to better service the HNW market (SEI Investments, 2005). Advisory firms that target the wealthy are still largely focused upon wealth accumulation and protection services.

As wealth levels continue to escalate and wealth is shared with younger generations, there are opportunities for advisers to assist clients in dealing with their wealth to facilitate the lifestyles that they and their families' desire; this is the advisory space into which they are moving.

The early movers have already carved out additional services to stand out from competitors and add value to the client relationship in new ways. The drive is on to develop relevant services for their wealthier clients to manage their money – 'wealth management' - fuelled by a fast expanding HNW population across the world.

Not all of professional advisers want to provide a different service of course and philanthropy may not be on the agenda even amongst those who do. That is the point of this current study: to determine the extent to which individual advisers are providing such assistance or would like to do so.

2.5 Philanthropy services

Advisers are uniquely placed to assist clients with philanthropy because they seek to act in their clients' best interests and they have, at least in theory, a bird's eye perspective of their clients' overall personal and financial circumstances. Thus, their assistance to their HNW clients is potentially as a strategist as well as technical expert (Johnson, 2005). From the advisory perspective too, philanthropy assistance is increasingly being included in a wider client-centred bundle of services to HNW clients (PricewaterhouseCoopers, 2007; Scorpio Partnership, 2008b) while previously it was offered only to the very rich.

However, evidence shows that such assistance is unpredictable (Backer and Friedland, 2008; Scorpio Partnership, 2008b) with some firms offering extensive assistance, others overpromising their assistance and others giving limited if any support, making it complex for the HNW to obtain the advice they need. Financial advisory firms in Australia have lagged their US and UK counterparts in promoting such services (Madden and Newton, 2006) but even in the US and the UK where such services are commonly offered, advice can be limited.

Some key concerns relate to philanthropy being tacked onto core content areas covered in conversations with clients, rather than embedded within these. For example, advisers can be reluctant to raise the issue of giving with clients, waiting until the individual raises the subject (Madden, 2004; Madden and Newton, 2006; The Giving Campaign, 2001a, 2001b; UK Giving, 2007). This means that philanthropy may not be discussed at all, if clients do not initiate discussion. Moreover, when philanthropy *is* discussed, it can be done in a superficial way. Evidence exists that even in the US, advisers avoid probing questions that would lead to a better understanding of the client's perspective and they can be reluctant to discuss the issue on subsequent occasions to see if a client's interest has changed (Johnson, 2004, 2005). In Canada, while almost 80% of financial advisers in a 2008 study believed they were ready to assist clients with philanthropy, only about half thought they were well informed about their clients' interest in philanthropic giving (Madden and Wymer, 2008).

Perhaps such limitations are not surprising as even in the more mature US advisory scene, adviser training for philanthropy assistance can be fragmented, practice guidelines sparse, and internal infrastructure for providing such advice weak (Backer and Friedland, 2008). Also, while adviser attitudes and practices *are* changing, this can be slow. In the UK, a four-year government-funded campaign proved successful in raising awareness of philanthropic options and in shifting advisers' attitudes to providing philanthropy assistance (The Giving Campaign, 2001a, 2001b, 2003, 2004; UK Giving, 2007) but since the campaign end, the momentum of change appears to have slowed. It will be interesting to see how the current economic woes affect advisers' propensity to have conversations about philanthropy with their HNW clients.

In the longer term, demand for philanthropy services is likely to continue to grow, particularly for financial and legal advisers who are educated on the full suite of options available to clients, can tailor solutions to optimise tax savings and the impact of gifts, manage philanthropic assets held by clients, and manage risk to such assets (Sharpe, 2008).

3.0 RESEARCH APPROACH

This section explains the design of the study.

3.1 Aims of the study

The main aims of this study were to:

- Determine the extent to which professional advisers in Australia are assisting their HNW clients about philanthropy, and their attitudes to doing so;
- Identify key motivations and barriers to advising about philanthropy, and the extent to which these are experienced in Australia;
- Identify opportunities that exist to facilitate the provision of philanthropic services in Australia;
- Identify differences between Australian advisers in their propensity to assist clients with philanthropy, and the strength of these differences; and
- Determine trends in philanthropic assistance in Australia and compare these to practices elsewhere.

3.2 Study design

First, the research method used to achieve these aims is addressed, then sampling and implementation issues. Finally, the sample frame is given.

3.2.1 Methodology

Quantitative methods are best used for answering questions relating to the occurrence of attitudes and practices in particular populations, as in this study (Leedy and Ormrod, 2001). They are also ideally suited to statistical testing of hypotheses. While this study was underpinned by only loose hypotheses that there appear to be different *types* of advisers (Madden and Scaife, 2006), a quantitative method was preferred over qualitative methods that would not provide the statistical testing desired. Also, quantitative methods produce numbers, which can directly inform the efforts of those in the professional advisory sector wishing to develop philanthropic services, assisting with benchmarking to ensure competitive excellence (McNair and Leibfried, 1992). For trend analysis, too, the quantitative approach offers useful data.

Specifically, an online survey - complemented by a paper-based survey - was chosen to meet the research aims (See Appendix 1). Surveys are widely used as a quantitative method and an electronic format suited the habits and resources of the adviser population well. It allowed invitations to be sent within email networks, gave potential respondents quick and easy access to the survey, and submission of completed surveys was similarly convenient. An additional paper-based questionnaire with reply paid envelopes was provided where this was preferred by firms and others who co-operated in recruiting advisers for the study. For example, paper-based surveys were used for large meetings of advisers, as they could be distributed more easily.

3.2.2 Survey instrument

The questions used in this study were based on the two previous surveys of advisers conducted by CPNS as well as from insights arising from ten focus groups conducted by CPNS in 2007. Additional questions were added in this new survey to test differences between advisers, and some earlier questions were adapted to a Likert scale to allow better statistical testing. Questions that sought to test differences between advisers were deliberately interspersed throughout the survey.

In terms of the number of questions and their placement, efforts were made to keep the survey as short and as 'user-friendly' as possible, to encourage the time-poor to participate.

3.2.3 Proposed analysis

The following analyses were planned for the interrogation of the data:

- Descriptive statistics including the frequencies and statistical means of various constructs assessed in the survey; and
- Cluster analysis of variables and indicators to inform if a typology of advisers exists.

3.2.4 Sampling method

The population of interest is professional advisers - those who are paid to provide advice on financial and legal matters affecting their clients' personal circumstances, who have formal qualifications upon which to base advice, and who variously describe themselves as financial advisers, financial planners, private bankers, accountants or lawyers. Specifically, advisers with *HNW clients* form the universe from which the sample is drawn. This is justified on the basis that wealthier individuals have a greater capacity to give than those on lower incomes, so are a prime group for philanthropic engagement. While such individuals are not the only ones to make large donations, they are likely to be the best placed to do so.

The immediate challenge in sampling Australian advisers with this clientele is that there is *no comprehensive list* of these advisers held either by regulatory bodies, industry bodies, or individual firms. Those who are in a position to assist clients with philanthropy not only span professional fields but job titles commonly overlap with those who are not. For example, a financial adviser may advise clients on strategies while another with the same title may advise on day-to-day investments. Similarly, some accountants are active in planning while others focus on a client's historical data. Thus, professional title alone is insufficient to establish the sampling frame, as well as making recruitment of respondents more difficult. Also, the concept of assisting clients with philanthropy is not well established, as indicated by the confusion that can occur when calling firms. For example, some advisers offer advice to *charities* yet they may be identified by staff in firms as suitable candidates for the survey. Also, they represent a small proportion of advisers so can be 'hidden' in firms dominated by advisers with less wealthy clients, or alternatively, in firms that market their services to businesses not individuals.

As discussed in the previous study of professional advisers (Madden and Newton, 2006), anecdotal estimates of the targeted population numbers no more than around 5% of the total financial planner population of some 10,000 (i.e. 500), making around 2000 if one takes into account other advisory groups. This is a best estimate only as it seeks to pin down an elite group whose information is not captured in any cohesive sense. This total population is likely to have increased since the last survey in 2005 given that until very recently, numbers of HNW in Australia have continued to grow (Merrill Lynch and Capgemini, 2008).

Given that the high-end adviser in Australia is relatively 'invisible' in the broader marketplace, commonly relying upon personal referral and avoiding mass advertising, a combined snowball and convenience sampling method was employed. While this provided a non-random sample, the advice and co-operation of informed 'insiders' ensured that advisers with different orientations were recruited and so helped the research team to manage potential bias towards advisers who assist clients with philanthropy. Also, comparisons are made against findings from earlier studies that were subject to the same sampling challenges.

The sample frame used for this study was developed in three stages:

1. First, invitations to participate were sent to a database of professional advisers with HNW clients expanded by CPNS since its first adviser survey in 2002 (approximately 250). Many of these were also contacted by telephone with a two-fold request: to participate and to recommend other advisers fitting the target group.
2. Additional personal contact and word of mouth strategy was employed by enlisting the support of four national advisory firms. They circulated an invitation to their advisory staff with HNW clients, encouraging anonymous participation via a hyperlink to the online survey on the University server. They were offered aggregated findings as an incentive. At least one follow-up email reminder was sent to optimise participation. Some individuals who had unusual access to groups of advisers with HNW clients, who agreed to raise awareness of the survey and where possible physically distribute it, supplemented this cooperation.
3. Finally, a media strategy was employed to raise awareness of the survey nationally. Articles were written in professional and business publications (published in both electronic and hard formats), directing advisers with HNW clients to the survey.

While email invitations and a word-of-mouth strategy did lift participation rates, the actual response rate is not known, as it is not possible to calculate how many qualified advisers received an invitation. The multiple strategy recruitment effort generated 235 useable responses, compared to 116 when the last adviser survey was undertaken in 2005 and 66 in 2002 (Madden, 2004; Madden and Newton, 2006).² Over 170 useable survey responses were received through online submission (79.6% of all respondents); the remaining 60 were paper-based completions.

² The larger HNW population and a growing adviser population in Australia must also be taken into account. At the same time, anecdotal evidence suggest advisers are increasingly time-poor, citing increased legislative requirements, increased competitive pressures and a rapid stream of new products and investment vehicles about which they needed to educate themselves.

Given the voluntary nature of this study, much effort was made to ensure that as many qualified advisers as possible contributed their views, and that those with reservations about philanthropy-related services contributed as well as those in favour of these. Even so, it is inevitable that results will skew slightly to a favourable orientation, if only because advisers share one characteristic: they are time-poor and having absolutely no interest in the topic may dissuade participation. The findings should thus be read in this light: that there is likely to be a slight skewing in favour of philanthropy services. As it turned out, however, there was a wide range of views expressed and ample data for statistical tests.

3.3 Profile of respondents

3.3.1 Participant profile

Survey participants were predominantly male, between 30 and 59 years old, living mainly in Brisbane, Sydney, or Melbourne and most commonly describing themselves as financial advisers. Most did not describe themselves personally as substantial givers.

Do they match the profile of advisers generally?

As noted, there is no documented demographic profile of Australian advisers that counsel HNW individuals about financial affairs. Therefore, it is not possible to claim this sample is representative of the wider adviser population. Nevertheless, anecdotal evidence about this group (see above) suggests that the sample *does* broadly reflect the characteristics of advisers of HNW clients.

Can the findings be generalised to all advisers?

Caution needs to be shown in extrapolating findings to all professional advisers providing personal financial or legal advice to affluent clients. It is likely that data may be weighted in favour of advisers interested in providing philanthropic advice, based on the difficulty of converting invitations extended to surveys actually completed (see Section 4.5).

Does the 2008 sample compare with that of 2005 and 2002?

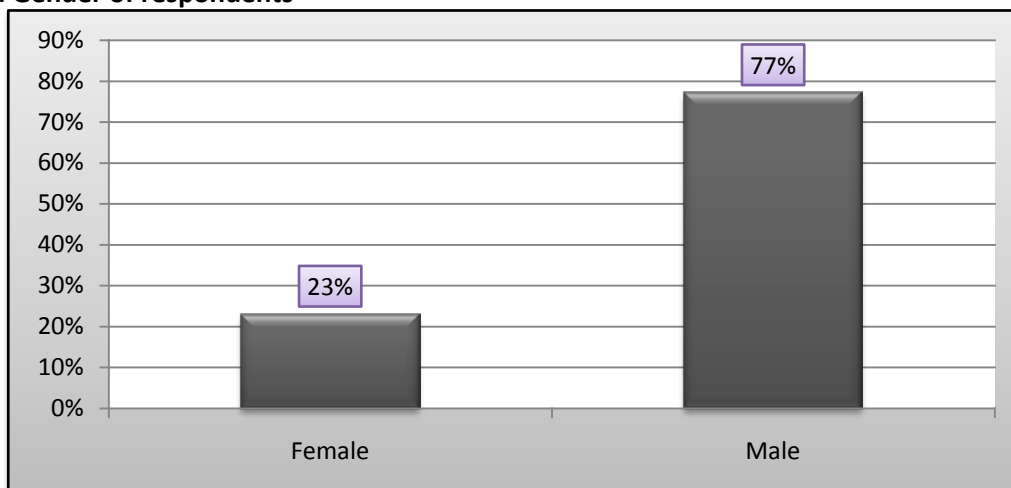
Yes and no. The main difference was sample size. Due to easy on-line access to the survey, a shorter questionnaire and a network approach to finding participants, sample size almost doubled from 66 advisers of HNW clients in 2002 to 115 in 2005, and then 235 in 2008. This provides a more substantial, useable data set.

Apart from this, the demographics of participants were generally similar, with some minor differences in age (slightly more advisers are over 50 years and fewer are under 40 years old in this study) and location (more in this study lived outside the eastern seaboard capitals).

Gender

In total, 77% of all respondents were male.

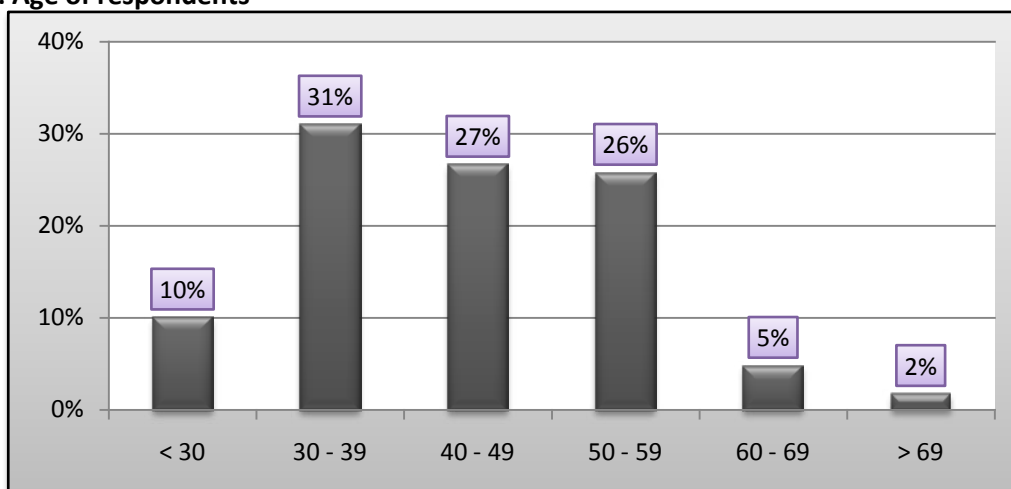
Figure 1: Gender of respondents



Age

Most respondents (83%) were aged between 30 and 59; 10% were under 30 and 7% were 60 or older.

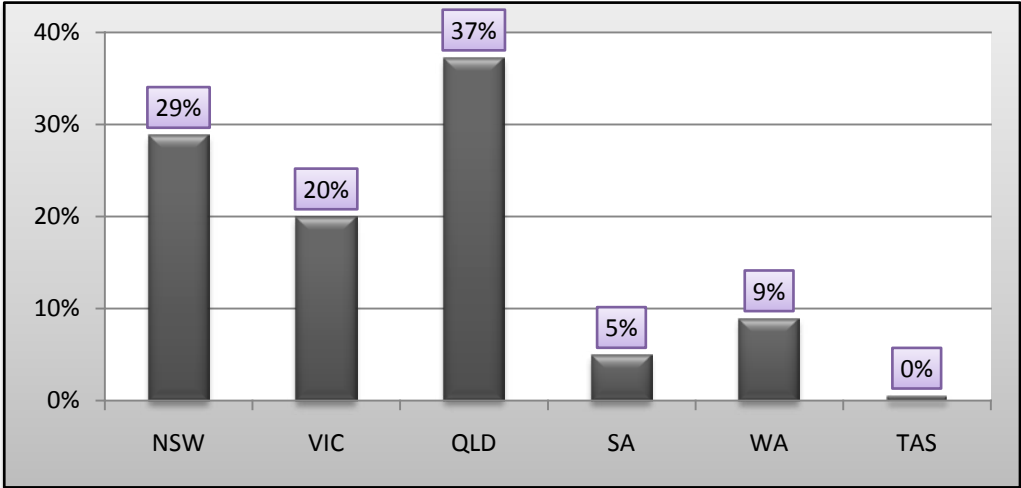
Figure 2: Age of respondents



Postcode of workplace

The majority of respondents worked in Queensland (37%), New South Wales (29%) and Victoria (20%). The remainder worked in Western Australia (9%), South Australia (5%) and Tasmania (0.5%).

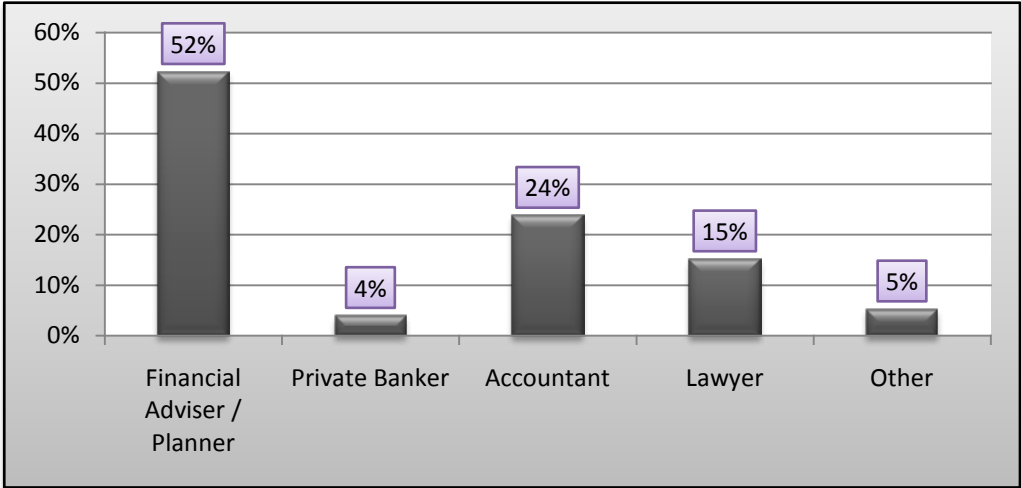
Figure 3: Postcode of respondents' workplace



Professional role

The largest single professional role that respondents identified with was that of financial adviser or planner (52%), followed by accountant (24%), lawyer (15%), other (5%), and private banker (4%).

Figure 4: Professional role of respondents

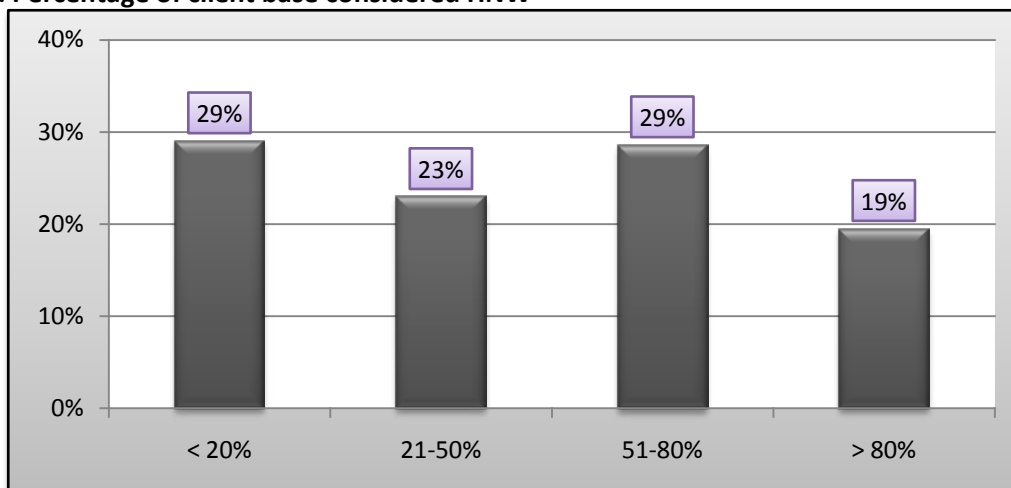


Clientele

The percentage of respondents with HNW clients was fairly evenly distributed, with:

- 29% having up to 20% of their client base as HNW;
- 23% managing 21-50% HNW clients;
- 29% managing 51-80% HNW clients; and
- 19% with more than 80% of their clients HNW.

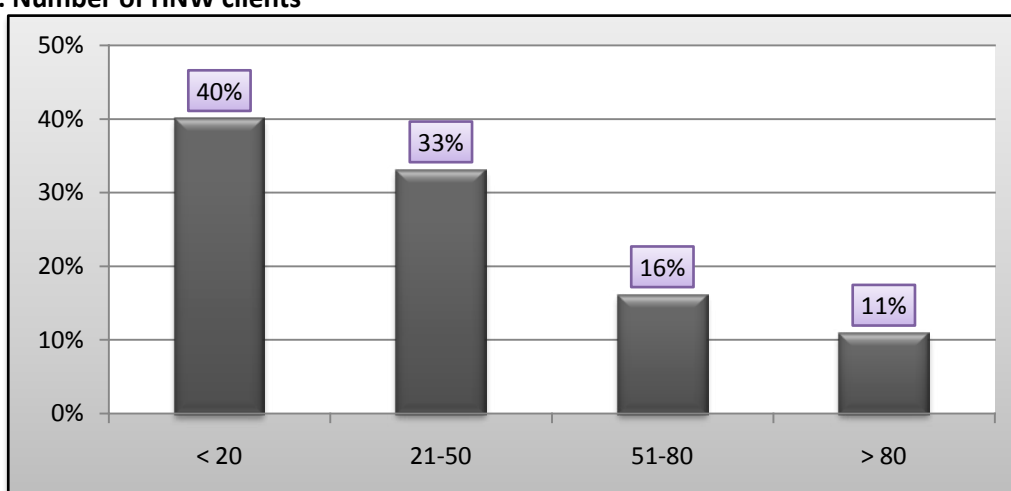
Figure 5: Percentage of client base considered HNW



There was a greater variance in the actual number of HNW clients advised, with:

- 40% of respondents advising up to 20 HNW clients in the past year;
- 33% advising between 21 and 50;
- 16% advising between 51 and 80; and
- 11% advising more than 80 HNW clients.

Figure 6: Number of HNW clients



4.0 FINDINGS

This section presents the descriptive findings for the entire sample, then the evidence that emerges for two distinct adviser profiles – the warm and the cool, followed by survey highlights and an overview of trends since 2002. Figures are provided to illustrate key findings.

4.1 Overall findings

This section reports on the responses given by 235 professional advisers to the questions in the survey.³ Findings are grouped around four topic areas:

1. Philanthropy;
2. Client attitudes and behaviour;
3. Adviser behaviour; and
4. Attitudes to providing philanthropic services.

4.1.1 About philanthropy

Advisers were asked questions around their attitudes to philanthropy generally, then about their *own* orientation and behaviour. Overall, they perceived philanthropy to be driven by altruistic motives rather than benefits to be gained, and the range of motives was generally perceived as limited. The biggest perceived obstacle to philanthropy was the desire to pass on one's wealth to one's family. In terms of personal behaviour, advisers largely exhibited philanthropic attitudes and reported higher than average donations.

Non-personal

As to *why* people (in general) are philanthropic, the great majority of advisers agreed with two key motivations:

- They care greatly about a cause, issue, or institution (selected by 77% of respondents)
- They have been successful and want to give back (selected by 72%)

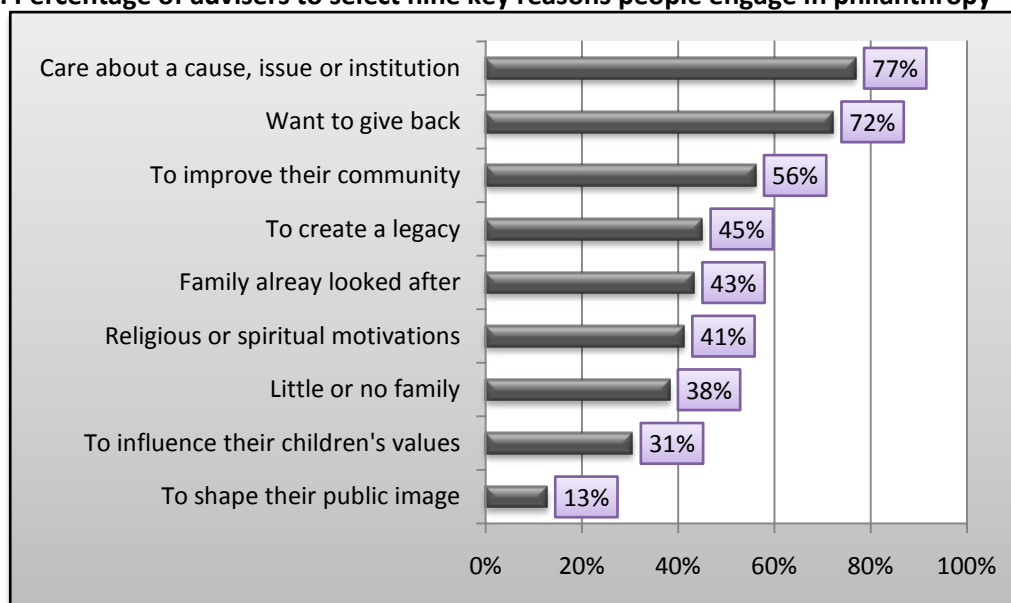
Most of the other motivations put to them were rejected. Nearly nine out of ten advisers dismissed the possible reason that people 'want to shape their public image' (87% not selecting this as a key motivation). The majority also rejected each of the following five reasons:

- They want to influence the values of their children (not selected by 69% of respondents)
- They have little or no family (not selected by 62%)
- They have religious or spiritual motivations (not selected by 59%)
- They have already looked after personal and family needs (not selected by 57%)
- To create a legacy (not selected by 55%)

See Figure 7 below.

³ Where the sample was less than 235, some respondents may have chosen not to answer or answers were unclear.

Figure 7: Percentage of advisers to select nine key reasons people engage in philanthropy



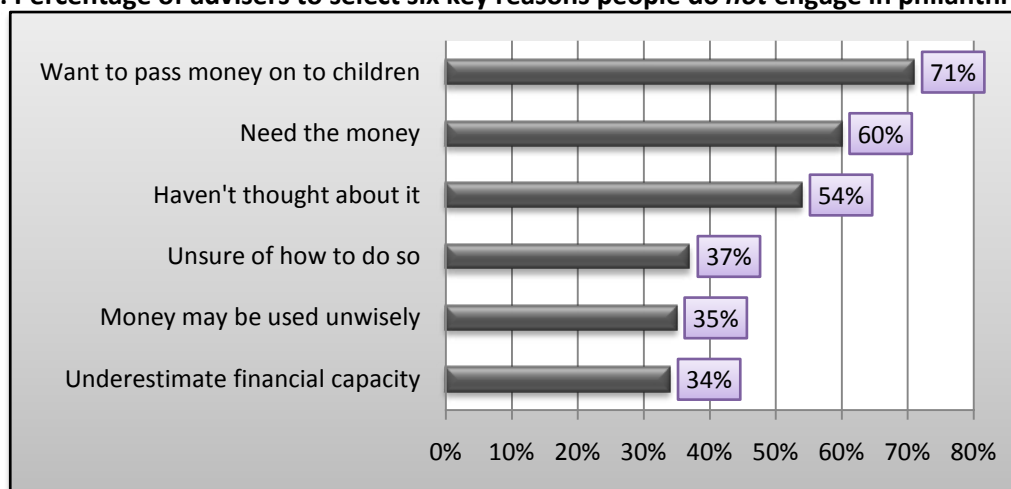
As to the key reasons that people *do not* engage in philanthropy, most advisers identified the desire to pass wealth on to children as most important (for people generally), as the following top reasons show:

- They want to pass on their money to their children (71% in agreement)
- They believe they may need the money themselves (60%)
- They haven't really thought about it e.g. may be too busy (54%)

Approximately one third think people do not engage in philanthropy either because of question marks over their capacity to do so, or how to do so, or if money given will be used wisely.

Advisers also overwhelmingly disagreed that one needed to be wealthy to engage in philanthropy, with 84.3% *rejecting* the notion that philanthropy is 'really only for those with assets over \$5 million'.

Figure 8: Percentage of advisers to select six key reasons people do not engage in philanthropy



Personal

Advisers' attitudes to philanthropy *for themselves* were largely positive:

- 93% agreed that they 'view philanthropy positively' (39% of these in strong agreement), with a miniscule 0.8% in disagreement
- 77% agreed with the notion that philanthropy 'adds to the quality of life' (20% in strong agreement), with 5% in disagreement

On the issue of their behaviour, responses were more mixed:

- 80% of respondents responded 'yes' to the question, 'do you personally engage in philanthropic giving?'
- Yet, in a different question, a more subdued 73% agreed (51% or strongly agreed (22%) with the statement 'I donate funds of my own to philanthropy' (See Figure 9 below)
- Indeed, just over half - 54% - agreed (44% moderately and 10% strongly) with the notion, 'I can personally afford to be philanthropic' (See Figure 10 below)

Figure 9: Extent of agreement with the statement 'I donate funds of my own to philanthropy'

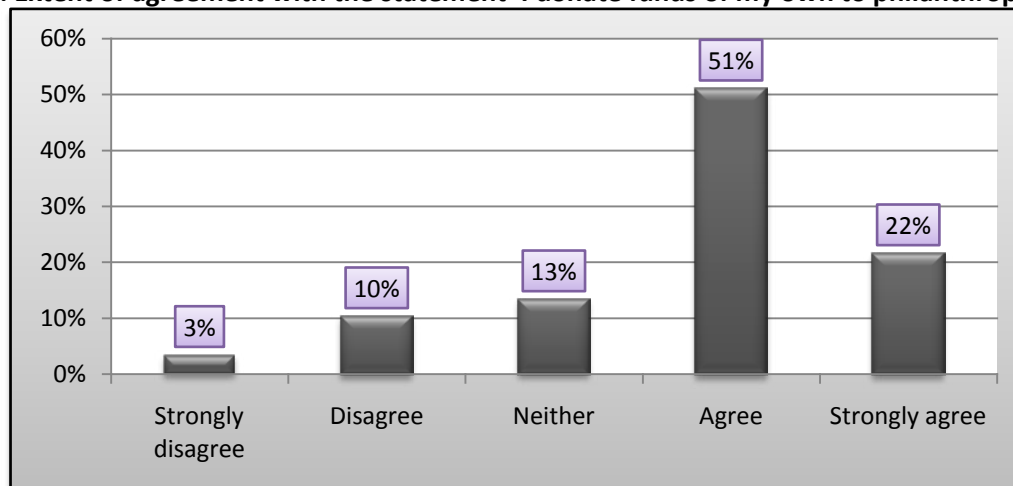
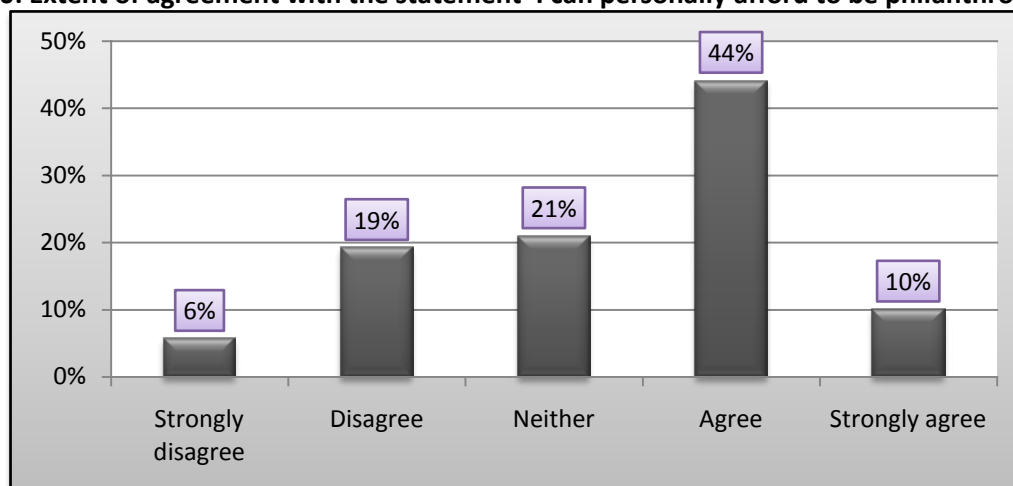


Figure 10: Extent of agreement with the statement 'I can personally afford to be philanthropic'



Reported donations were relatively high. Three quarters of all respondents (73%) reported giving more than the average annual donation of Australians generally (\$440 for the purposes of this report⁴):

- Almost one-third reported their giving at between \$441 and \$1,000 per annum (28%);
- One-quarter reported giving between \$1,001 and \$5,000 (24%);
- One in ten gave reported giving between \$5,001 and \$15,000 (11%);
- 8% gave between \$15,001 and \$50,000; and
- A further 3% gave more than \$50,000.

The median gift was \$1000 and the average annual donation (taking out the two largest gifts totalling \$200,010) was \$6656.

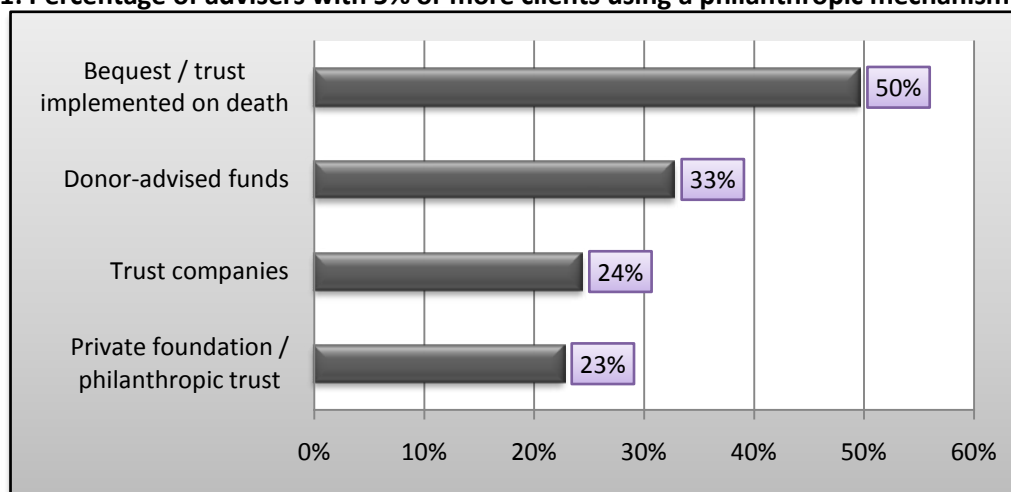
4.1.2 Perceived client attitudes and behaviour

There were varying perceptions of clients' interest in philanthropy. On the positive side:

- 92% of advisers *disagreed* that they did *not* expect clients to be interested in philanthropy, with just 8% in agreement;
- 60% disagreed that clients were unlikely to change, if they were not initially interested in philanthropy – but 40% agreed; and
- 55% disagreed that fluctuating financial markets will mean less client interest in philanthropy - but 45% agreed.

When it came to actual philanthropic endeavours, advisers were far more pessimistic in the extent to which clients used philanthropic structures. The following figure shows the very low extent to which advisers estimate their HNW clients use different philanthropic mechanisms. For example, 23% of advisers believed that more than 5% of their clients used a private foundation or trust. The most popular mechanism was philanthropy in estate planning (either leaving a charitable bequest or establishing a trust or foundation upon death), with around half the respondents saying more than 5% of their clients have done this.

Figure 11: Percentage of advisers with 5% or more clients using a philanthropic mechanism



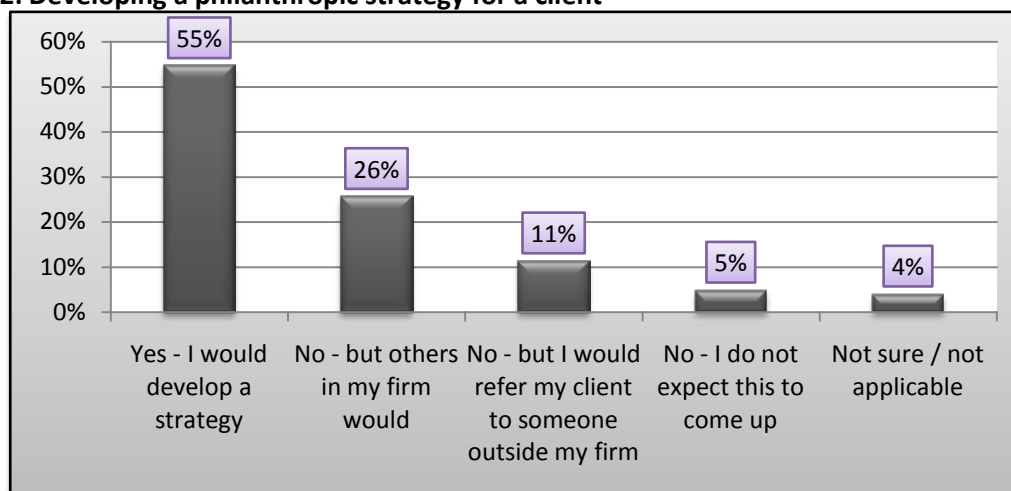
⁴ McGregor-Lowndes, M., and Newton, C. (2009). An Examination of Tax Deductible Donations Made By Individual Australian Taxpayers in 2007-08, *Working Paper No. CPNS 45*. Brisbane: Australian Centre for Philanthropy and Nonprofit Studies, QUT.

4.1.3 Adviser behaviour

Turning now to adviser assistance with a client's philanthropy, findings suggest that nine out of 10 would offer assistance of some kind:

- 80% would help a client with a suitable philanthropic strategy, either doing it themselves (55%) or bringing in someone else in the firm to do so (26%);
- A further 11% said while they could not help directly, they would refer their client to someone outside the firm who could help.

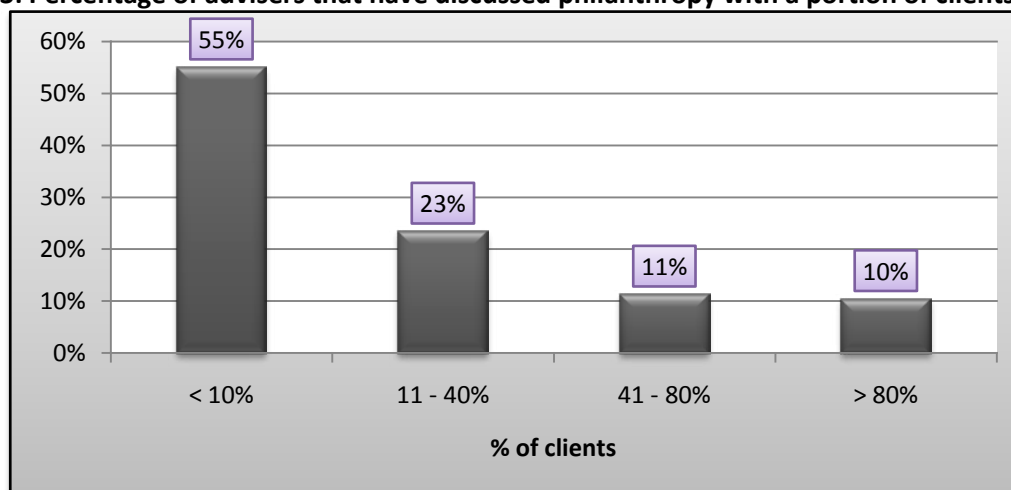
Figure 12: Developing a philanthropic strategy for a client



Half of all respondents, whether or not they assisted clients with their philanthropy decisions, believed they were likely to refer clients interested in philanthropy to experts outside the firm (51%). At the same time, one in three of all respondents (30%) reported being unlikely to link clients with people outside the firm, regardless of whether they could assist them or not. However, the majority of advisers tend not to discuss philanthropy with their HNW clients, making such issues moot:

- 55% of advisers report discussing philanthropy with 10% or fewer of clients;
- Only 21% have discussed philanthropy with more than 40% of clients.

Figure 13: Percentage of advisers that have discussed philanthropy with a portion of clients



Approximately half the respondents tended *not to* raise the topic of philanthropy with HNW clients:

- 49% disagreed that they often ask clients about their philanthropic interests (35% agreed);
- 46% disagreed that they are proactive in approaching clients about philanthropy (36% agreed).

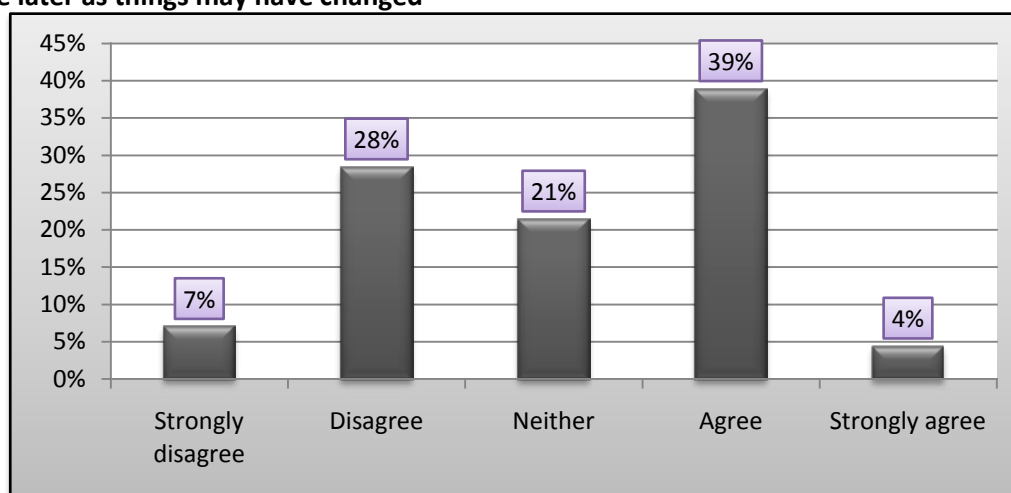
This reluctance was confirmed by the following:

- The majority (54%) agreed that providing advice about philanthropy *did not* usually form part of their advice process (with 33% disagreed).

Additional questions threw up some contradictions, however:

- A larger proportion of advisers *disagreed* with the statement 'I don't discuss the issue of philanthropy with my HNW clients unless they ask about it' (46%) than agreed with it (39%);
- A larger proportion of advisers *agreed* with the statement 'if a client is not interested in philanthropy, I am likely to raise the issue later as things may have changed' (43%) than disagreed with it (35%) (See Figure 14 below).

Figure 14: Extent of agreement with the statement 'if a client is not interested, I am likely to raise the issue later as things may have changed'



Reasons for these conflicting answers are not immediately apparent but the next two sections, on attitudes and on adviser types, shed some light on trends in advisory practice.

4.1.4 Attitudes to providing philanthropic services

First, motivations to provide philanthropic services are identified, followed by constraints for advisers, respondents' level of interest, and resources that are perceived to be helpful.

Motivations

A clear majority of respondents supported four out of five motivations put to them for providing philanthropic services to clients (rating this as either important or very important). Client satisfaction was the number one reason:

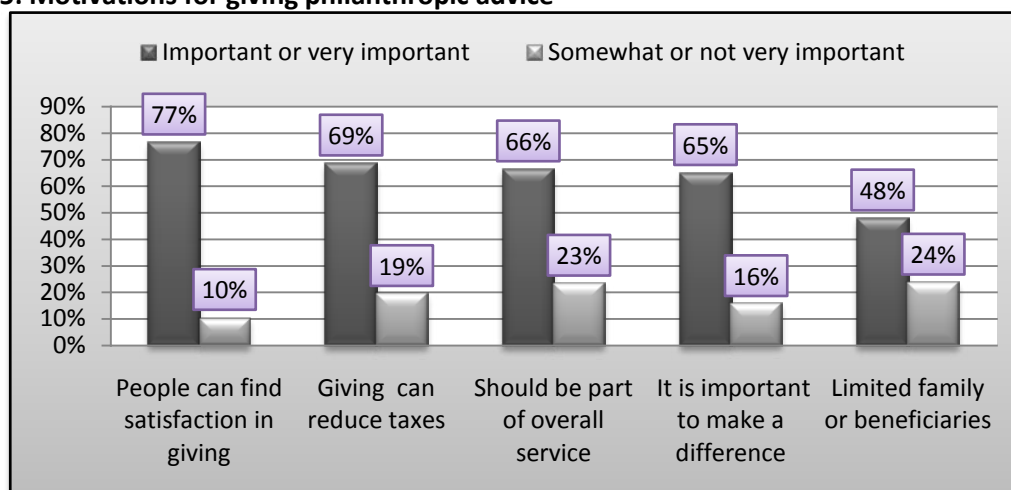
- People can find a lot of satisfaction in philanthropy (77%);
- Wise planning can reduce taxes for the client (69%);
- Philanthropy needs to be part of an overall service (66%); and
- It is important for people to make a difference if they can (65%).

One in four respondents believed two of these motivations, in particular, were *extremely* important:

- Individuals can find a lot of satisfaction in giving (27%); and
- Philanthropy needs to be part of an overall service (26%).

There was moderate support for the fifth motivation 'that the client might have limited family ties or no obvious beneficiaries', with 48% believing this important or very important and 24% seeing it as somewhat or not very important.⁵

Figure 15: Motivations for giving philanthropic advice



⁵ The remainder (28%) believed this motivation to be neither important nor unimportant

Constraints

In contrast to motivations where almost all factors were seen to play a role, *few constraints* to advising were nominated. Of the four potential factors put to respondents, the standout constraint was 'unsure how best to advise in the area' with approximately one in three (38%) regarding this as important or very important for them personally, and a further 16% saying this was somewhat important.⁶ At the same time, 45% believed this was unimportant.

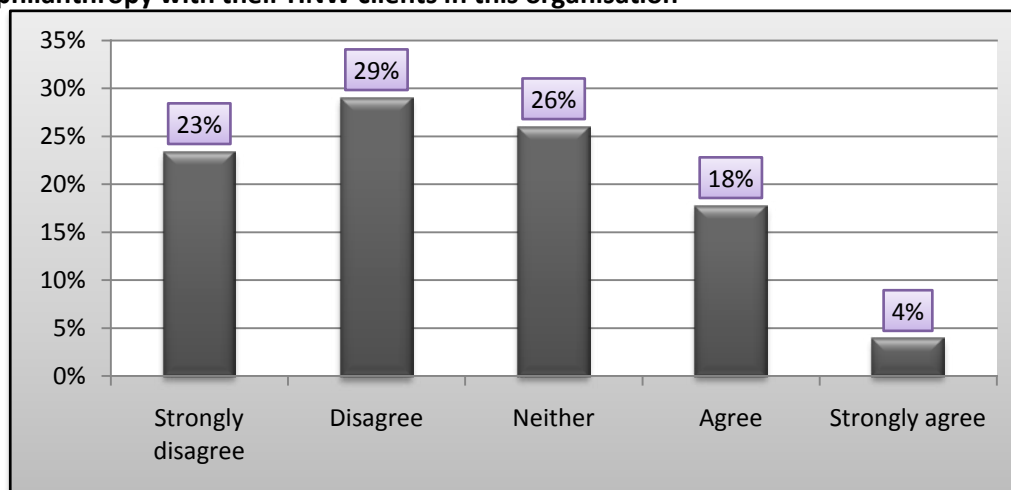
Three potential constraints that found relatively *little support* were the notions:

- 'It's outside my professional role' (important or very important for only 26%, compared to 40% who found this unimportant);
- 'Clients may react negatively' (important or very important for 15% versus 42% who found this unimportant);
- 'There is little financial incentive' to advise about philanthropy (important or very important for 9% versus 50%).

Indeed, only 11% of advisers agreed - and 73% of advisers *disagreed* - with the statement 'I am concerned that raising the topic of philanthropy might damage the client relationship' (Emphasis was made by 26%, who strongly disagreed with this statement).

Moreover, more than half (52%) *disagreed* to some extent with the statement 'there is no real support for advisers wanting to discuss philanthropy with their HNW clients in this organisation' (with 23% strongly disagreeing). Only 18% moderately agreed (with 26% neither agreeing nor disagreeing) and just 4% strongly agreed with it.

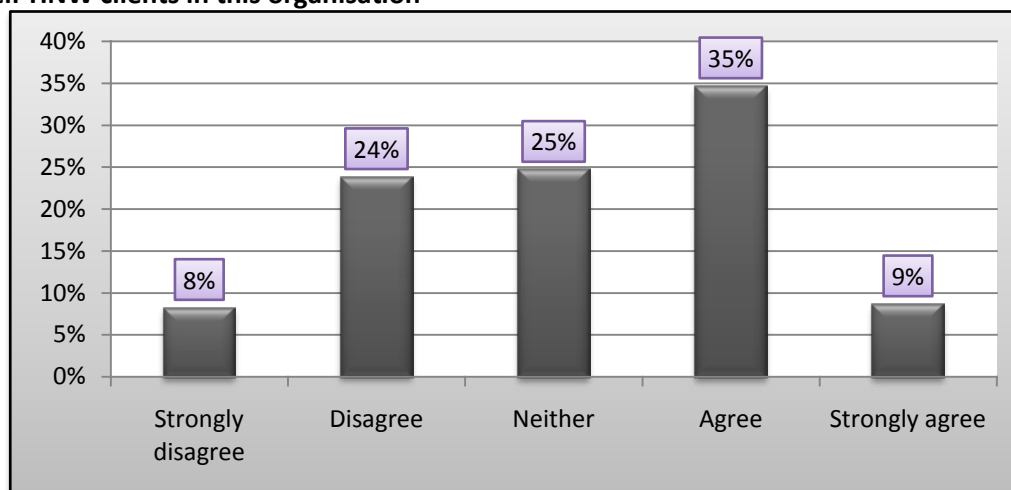
Figure 16: Extent of agreement with the statement 'there is no real support for advisers wanting to discuss philanthropy with their HNW clients in this organisation'



⁶ Potential constraints were identified from focus groups held with advisers, as well as from previous studies. See Methodology section.

In response to another question relating to firm practices, 43% of advisers *agreed* to some extent (with 9% in strong agreement) with the statement ‘it is accepted that advisers discuss philanthropy with their HNW clients in this organisation’, compared to 32% that disagreed (moderately or strongly).

Figure 17: Extent of agreement with the statement ‘it is accepted that advisers discuss philanthropy with their HNW clients in this organisation’



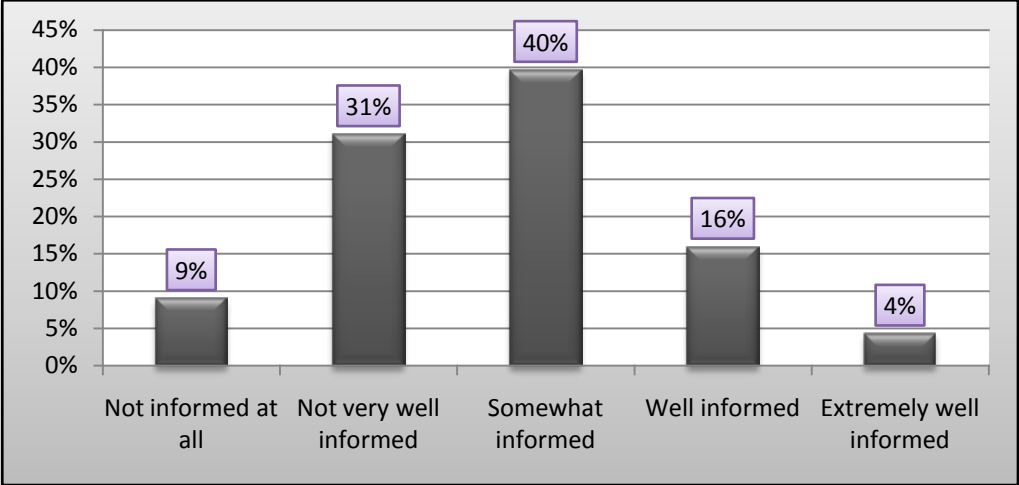
However, discussion of philanthropy may be occurring later – rather than earlier - in the client relationship. The majority (53%) *disagreed* with the statement ‘in my organisation, advisers discuss philanthropic interests with their HNW clients from the beginning of their relationship’, with just 20% agreeing and, of these, only 4% agreeing strongly (It should be noted that more than one in four [28%] were neutral or in two minds on the subject).

Also slightly more *disagreed* with the statement ‘I lack the skills and knowledge to advise my HNW clients in philanthropic matters’ (45%, with 18% of these disagreeing strongly) than agreed with it (35%, with 10% agreeing strongly).

Yet when asked *how well* they knew of their clients’ philanthropic activities, or their interest in philanthropy, much was unknown.

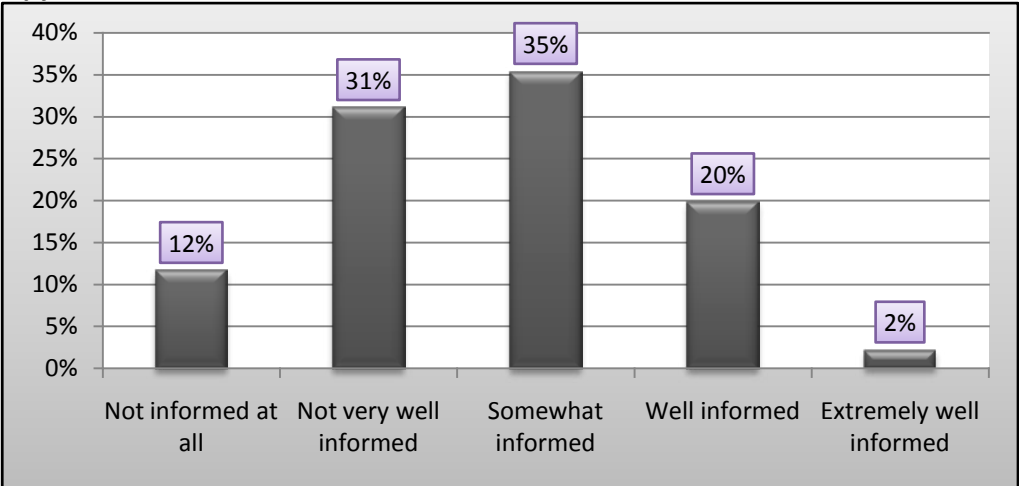
In all, 40% of all respondents believed that they were *not* well informed about their HNW clients’ philanthropy (9% of these reported being not informed *at all*). Another 40% thought they were somewhat informed. Only 20% felt well informed or extremely well informed.

Figure 18: Extent to which advisers felt they were informed about their HNW clients’ philanthropy



On the issue of how informed they believe they are about their HNW clients’ *interest* in philanthropy, a similar pattern emerged. More than four in ten respondents believed they were *not very well* or not at all informed (43%) and an additional third claimed patchy knowledge (35%). Only 22% described themselves as well informed (with only 2% of these extremely well informed).

Figure 19: Extent to which advisers felt they were informed about their HNW clients’ interest in philanthropy



There were also substantial gaps in their capacity to advise about philanthropy:

- When asked ‘how *informed* would you describe yourself about providing such assistance to clients?’, only one third believed they were well-informed (28%) or very well informed (6%). Two-thirds reported patchy (32%) or inadequate knowledge (34%), as Figure 20 shows.
- Four in ten agreed that they do not possess the training needed to assist clients with philanthropy (39%, with 13% of these *strongly* agreeing), as Figure 21 shows.

Figure 20: Extent to which advisers felt they were informed to provide philanthropic assistance

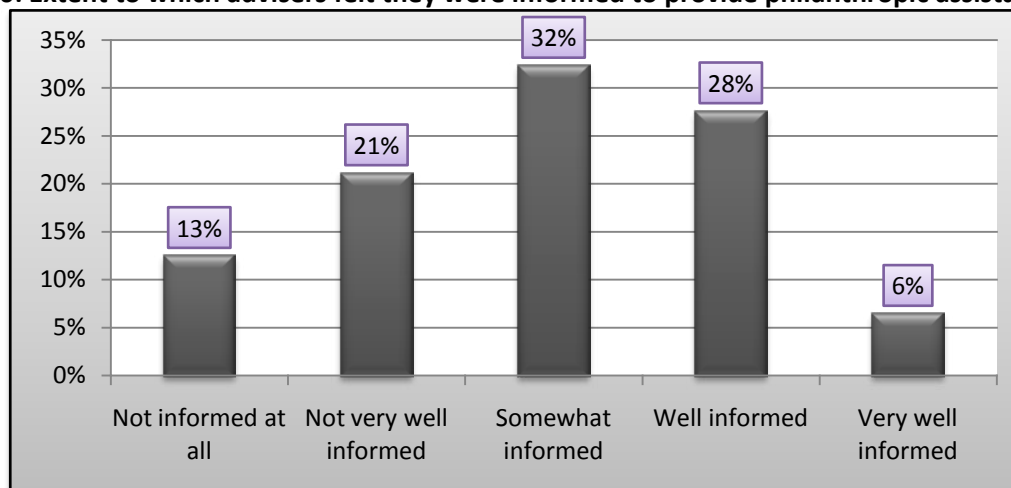
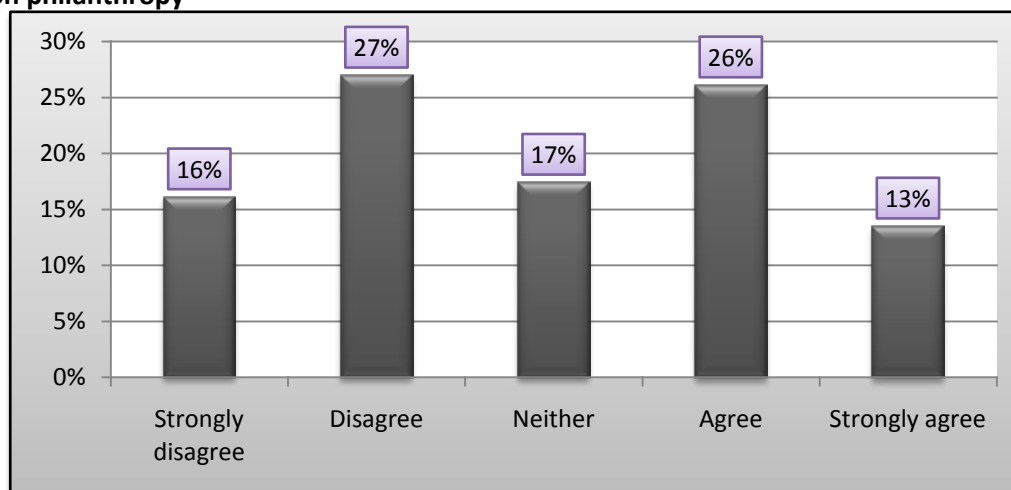


Figure 21: Extent of agreement with the statement ‘I don’t possess the training to advise my HNW clients on philanthropy’



Finally, 42% of all respondents believed that it was difficult to locate philanthropic planning resources in their organisation (with 42% believing the opposite and 16% undecided).

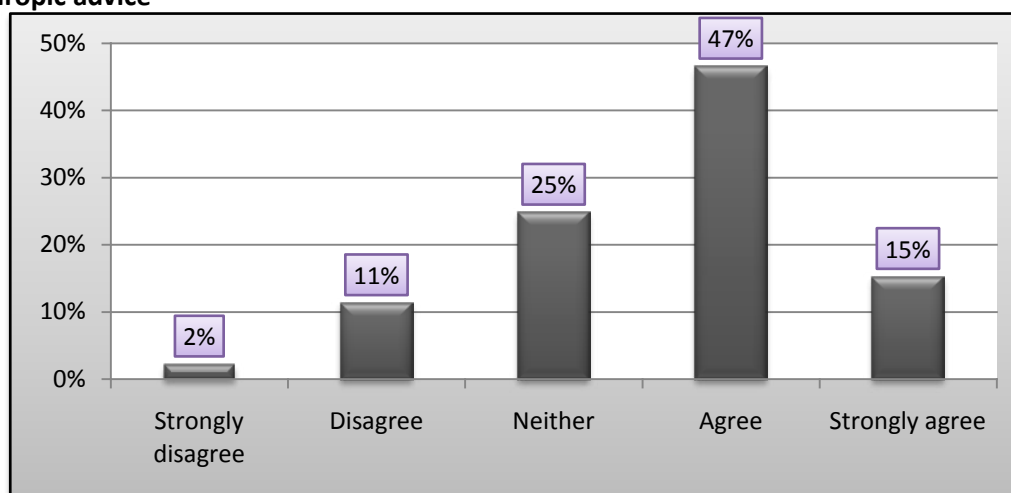
Interest

Not all respondents were interested in providing philanthropic services to their HNW clients, but the majority of respondents said they *were*.

Similar questions were asked, as in other sections, to test the robustness of answers (as well as to develop adviser typology, discussed in Section 4.2), with the following results.

Only 13% of all respondents *disagreed* to some extent with the statement ‘I am motivated to provide my HNW clients with philanthropic advice’ while a clear majority agreed with it (62%, with 15% of these agreeing *strongly*). It is noted that the question appeared to be irrelevant or too difficult to answer for a substantial cohort, with 25% saying ‘neither’ (See Figure 22 below).

Figure 22: Extent of agreement to the statement: ‘I am motivated to provide my HNW clients with philanthropic advice’



The majority of all advisers in the study (65%) expressed a desire to discuss philanthropy with their HNW clients (with 17% *strongly* desiring this), in contrast, only 11% of advisers did not (and only 1% was strongly against). Again, one in four was undecided, in two minds or otherwise neutral when this was put to them (25%).

Similarly, some 90% of all advisers answered positively to the question, ‘to what extent are you personally interested in providing philanthropic planning advice to clients, whether you currently do so or not?’ Indeed, 25% were *extremely* interested (with a further 38% interested and 28% somewhat interested in doing so). Only 3% were not interested at all (and a further 6% not very interested).

This interest was confirmed by results to a reverse question: almost 80% (78%) *disagreed* to the statement ‘I have no interest in discussing philanthropy with my HNW clients’), with 34% strongly disagreeing. Only 6% agreed with it (2% strongly).

Asked in an open-ended question what was *needed* for their interest to grow, advisers who did not assist clients with philanthropy, identified needs that were then categorised, during analysis, into the following six themes:

1. Ease
2. Confidence
3. Client demand
4. Knowledge of strategies
5. Access to resources
6. Part of business model

See Appendix 2 for comments by respondents.

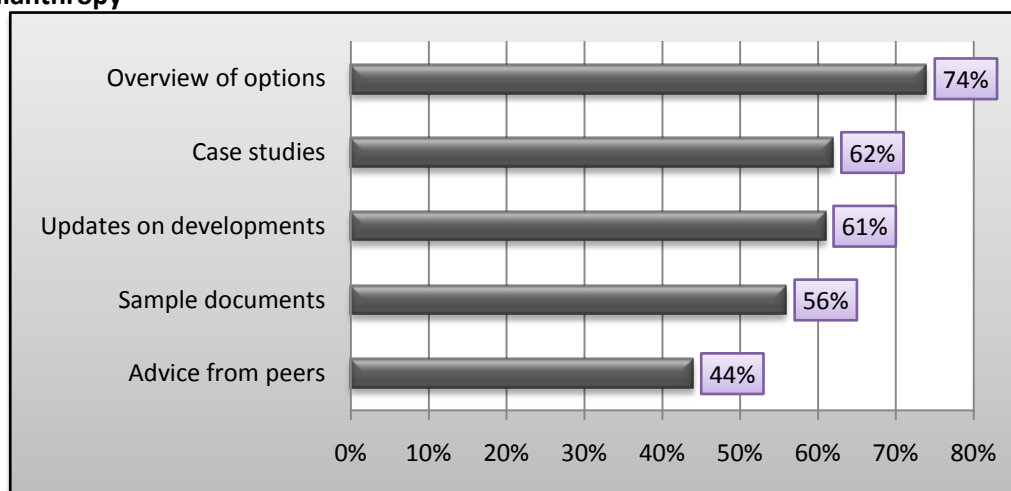
Resources

Four types of resources were perceived by the majority of advisers as useful to assist clients with philanthropy:

- An overview of philanthropic options (74% saw as useful);
- Case studies (62%);
- Updates on developments in philanthropic giving (61%);
- Sample document e.g. for establishing a private foundation (56%).

The majority did *not* however view advice from peers as particularly helpful (not useful to 56%; useful to 44%).

Figure 23: Percentage of advisers to select five resources that would be useful in assisting clients with philanthropy



4.2 Adviser types

This section presents the results of cluster analysis of variables and indicators to investigate whether different types of advisers exist in relation to their propensity and approach to the provision of philanthropic strategies and advice to HNW clients. The answer is yes, two distinct categories show in the data. In this section, we call these two types of adviser, the 'warm' and the 'cool'.

The 'warm' adviser contrasts most sharply with the 'cool' adviser on:

- Their own attitudes to and understanding of philanthropy;
- Their gauge of client interest in philanthropy; and
- The extent to which they discuss philanthropy.

This section presents the basis upon which professional advisers do differ in relation to philanthropic services.

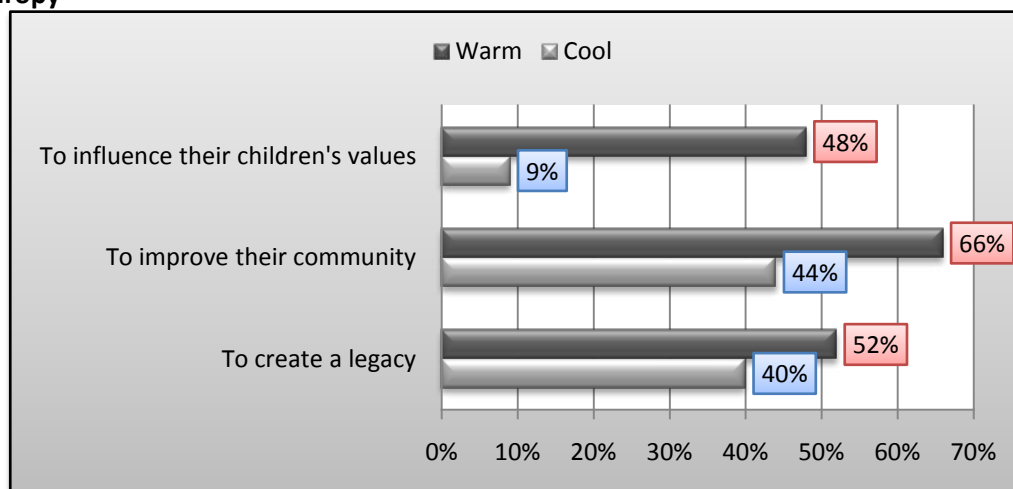
4.2.1 About philanthropy

Non-personal

The warm and cool adviser differ the most in their support for three motivations for why people generally engaging in philanthropy:

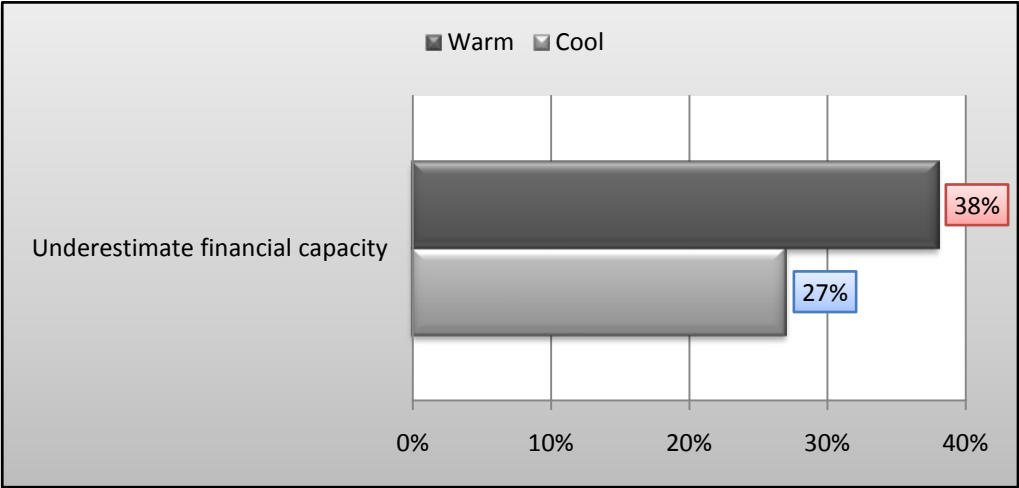
- Wanting to **influence the values of their children**, with warm advisers far more likely to agree this is a key reason for philanthropy (48% compared to 9% - a 39% difference). Note the very low support given by cool advisers for this motivation.
- They want to **improve their community**, with warm advisers far more likely to agree this is a key reason for philanthropy (66% compared to 44% of the cool group – a 22% difference).
- They want to **create a legacy**, with warm advisers more likely to agree this is a key reason for philanthropy, although the difference is not as substantial (52% compared to 40% of the cool group – a 12% difference).

Figure 24: Percentage of warm and cool advisers to select three key reasons people do engage in philanthropy



In terms of the perceived reasons that people *do not* engage in philanthropy, there was one clear difference between the warm and cool adviser – that people may underestimate their financial capacity. The warm adviser was more likely to see this as an obstacle (38% in agreement) than the cool adviser (27%), equating to – an 11% difference between the two types of advisers.

Figure 25: Percentage of warm and cool advisers to select one key reason people do *not* engage in philanthropy

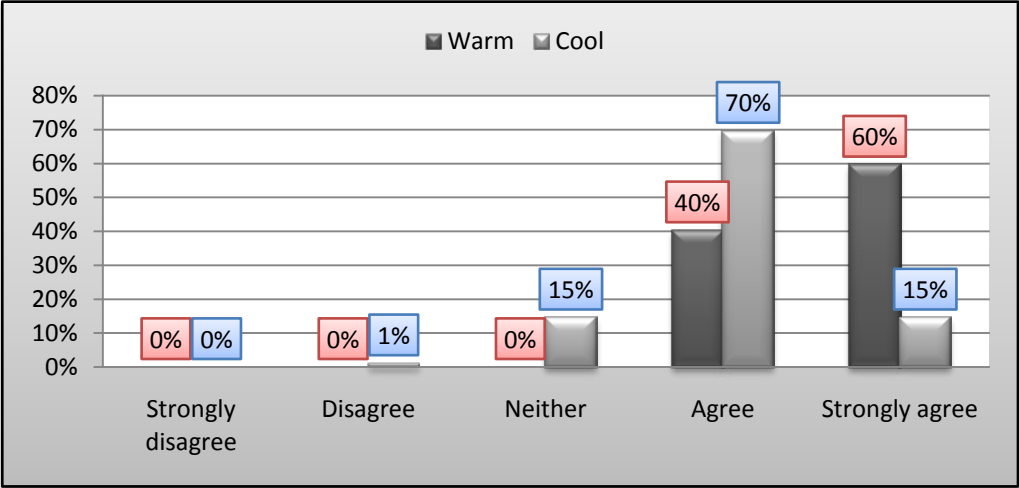


Similarly, warm and cool advisers differed on the issue of the **affordability** of philanthropy, with the warm adviser less likely to agree that ‘philanthropy is really only for those with assets over \$5m (11% compared to 22% of cool advisers – also an 11% difference).

Personal

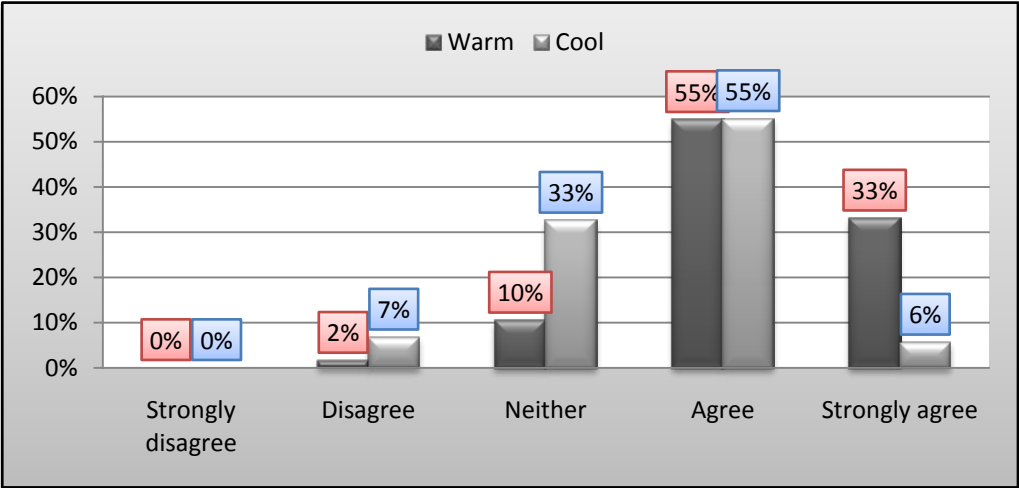
One standout distinction is that the warm adviser held *more intense feelings about philanthropy*, with 60% strongly agreeing that they view philanthropy positively (which occurs for just 15% of the cool group). While advisers generally supported the notion of philanthropy, only the cool group showed ambivalence around it, with 15% neither agreeing nor disagreeing with the idea.

Figure 26: Extent to which warm and cool advisers agree with the statement ‘I view philanthropy positively’



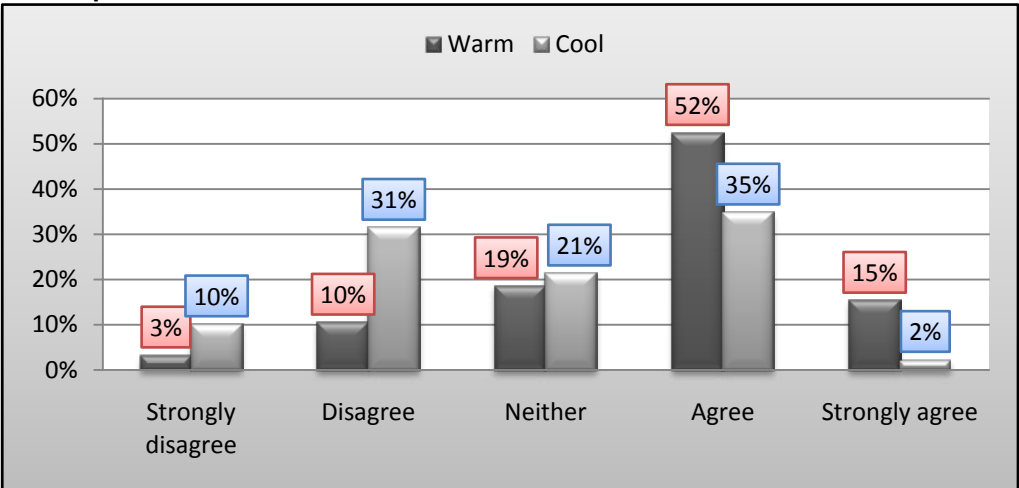
Similarly, the warm adviser held *more intense feelings about the benefits* of being philanthropic, with 33% strongly agreeing that philanthropy adds to quality of life (compared to just 6% of the cool).

Figure 27: Extent to which warm and cool advisers agree with the statement ‘I personally believe that being philanthropic adds to quality of life’



Another distinction is that 67% of warm advisers believed they *can personally afford to be philanthropic* (including 15% who strongly agree), compared to 37% of the cool group (of whom a negligible 2% strongly agree) – a 30% difference, as Figure 28 shows below.

Figure 28: Extent to which warm and cool advisers agree with the statement ‘I personally can afford to be philanthropic’

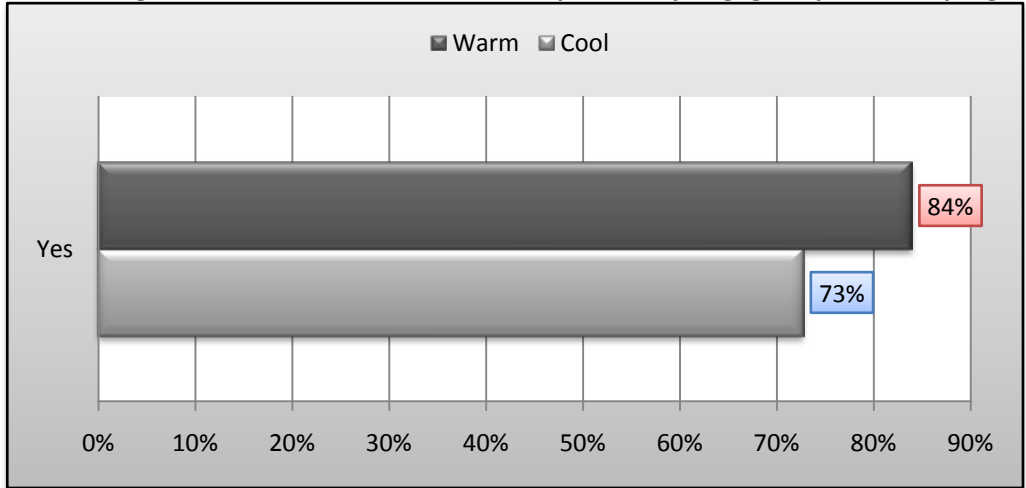


Warm advisers also exhibited more philanthropic behaviour in terms of engagement and gift size than cool advisers did.

Engagement

In total, 84% of warm advisers reported being personally engaged in philanthropy, compared to 73% of the cool group – an 11% difference. In a separate question, 30% *strongly* agreed that they donate funds of their own to philanthropy, compared to just 12% of the cool group – an 18% difference.

Figure 29: Percentage of warm and cool advisers who personally engage in philanthropic giving



Gift size

The ‘cool’ adviser tended to give a smaller annual donation.

Almost a third (31%) report yearly gifts of less than \$350 and a further 19% report donations of \$350 to \$700 – that is, half of all cool advisers made annual gifts of under \$700. For warm advisers, these percentages were 17% and 11%, respectively – 28% of all warm advisers made these smaller annual gifts.

Considering all gifts (including a handful of very large reported gifts), the average gift for the cool adviser was \$2,248.49 compared to \$12,530.92 for the warm. Excluding the outlier gifts, the average gift for cool and warm advisers were \$1,818.59 and \$10,708.54, respectively.

In terms of the median, for cool advisers it was \$650 for warm ones it was \$2,000, again a very large difference.⁷

⁷ Median gift refers to the point at which as many gifts were given under this figure as over it.

4.2.2 Perceived client attitudes and behaviour

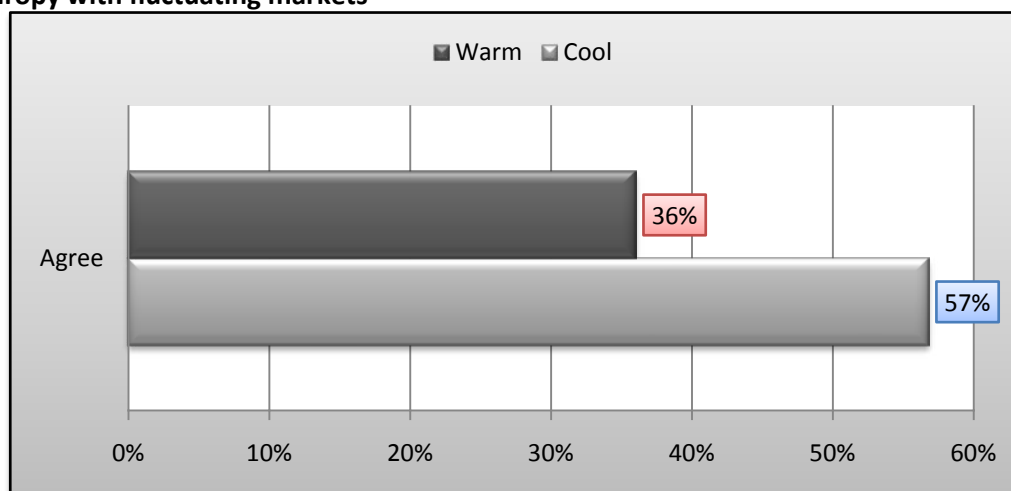
Warm advisers perceived more HNW client interest in philanthropy, a greater likelihood that interest would increase and that interest would withstand economic downturn.

Only 2% *did not* expect their HNW clients to be interested in philanthropy, compared to 18% of cool advisers – a 16% difference.

One in three (33%) agreed that if a client showed low interest in philanthropy, this would be *unlikely to change* over time, compared to half of all cool advisers (51%) – an 18% difference.

Indeed, the warm adviser was more likely to regard a client's interest in philanthropy as resilient. More than 60% *disagreed* that fluctuating financial markets would dampen client interest in philanthropy - 64% compared to 43% of cool advisers - a 21% difference.

Figure 30: Percentage of warm and cool advisers who feel clients will be less interested in philanthropy with fluctuating markets



Moreover, warm advisers estimated client take up of philanthropic mechanisms to be higher:

- 28% believed more than 5% of their HNW clients had a private foundation or philanthropic trust governed by trustees including clients themselves (including Prescribed Private Fund) while just 12% of cool advisers did – a 16% difference;
- 64% of warm advisers believed that more than 5% of their HNW clients intended to leave a charitable bequest or create a charitable trust or foundation upon their death, in contrast to 41% of cool advisers – a 23% difference.

4.2.3 Adviser behaviour

The warm adviser is more likely to address a client's philanthropic interests directly:

- 78% reported developing philanthropic strategies for clients, compared to 23% of cool advisers – a 55% difference; and
- 68% reported conversations with 10% or more of their HNW clients, compared to 10% of cool advisers - a 58% difference.

Perhaps not surprisingly, then, the cool adviser is far more likely to look to others if a client requires a philanthropy strategy:

- 35% are likely to bring in another member of staff, compared to 19% of warm advisers – a 14% difference;
- 23% are likely to refer their client to someone outside the firm, compared to a negligible 3% of warm advisers – a 20% difference.

While about half of both groups were willing to refer their clients to others - such as philanthropy consultants - for *additional* help with philanthropy (49% of the warm to 51% of the cool), a larger proportion of warm advisers were against doing so (38% to 21%), with far more cool advisers undecided on the practice (28% to 13%).

Philanthropy was more a part of the warm adviser's standard practice:

- 55% agreed that they often asked clients about their philanthropic needs (with 13% in strong agreement), compared to just 2% of the cool adviser – a 53% difference.

Figure 31: Extent to which warm and cool advisers agree with the statement 'I often ask my HNW clients about their philanthropic needs'

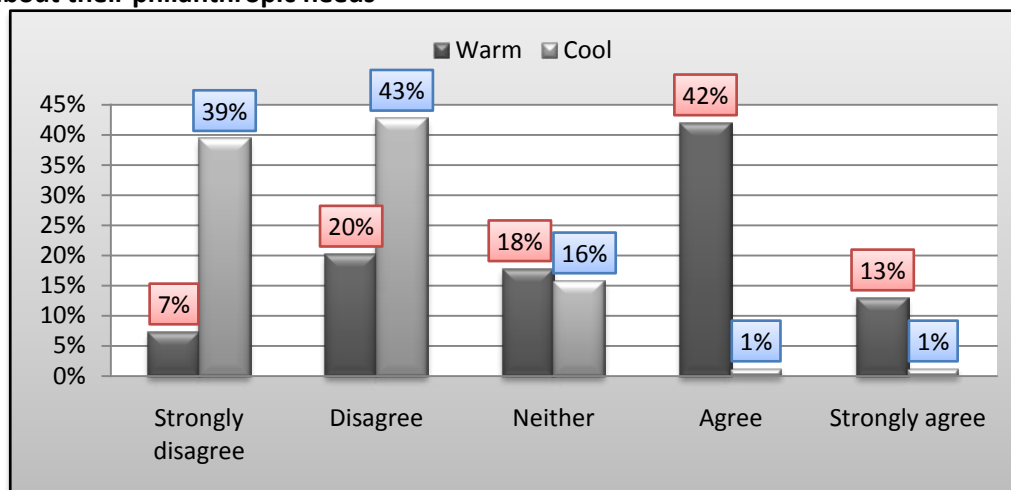
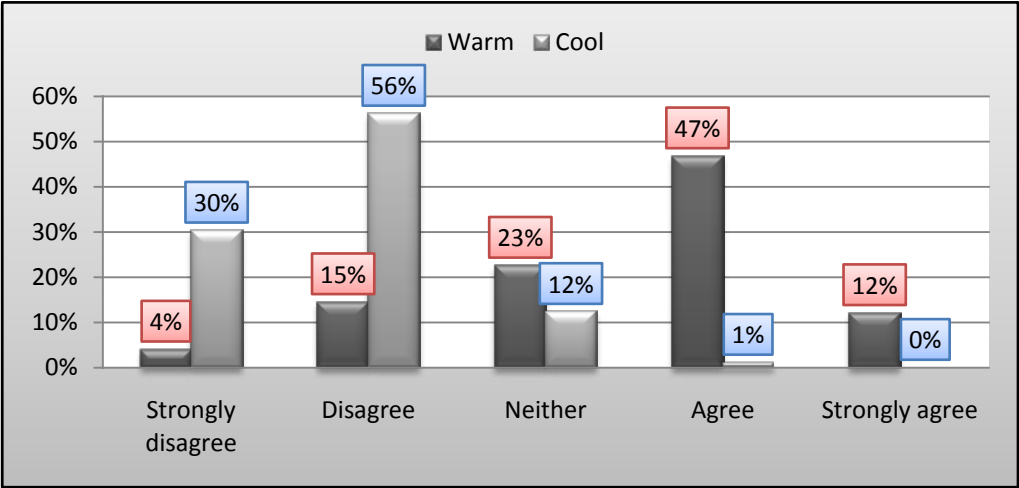


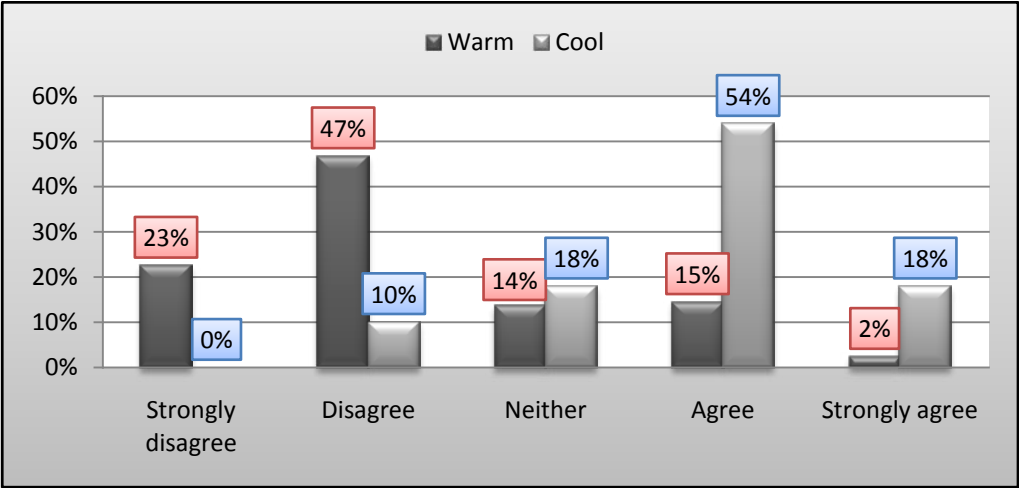
Figure 32 below shows, 59% of warm advisers agreed they were ‘proactive in approaching clients about philanthropy’ (with 12% in strong agreement), compared to a negligible 1% of cool advisers – a 58% difference. An even sharper difference occurs for those who *disagree* with this statement: an overwhelming 86% of cool advisers versus 19% of the warm.

Figure 32: Extent to which warm and cool advisers agree with the statement ‘I am proactive in approaching my HNW clients about philanthropy’



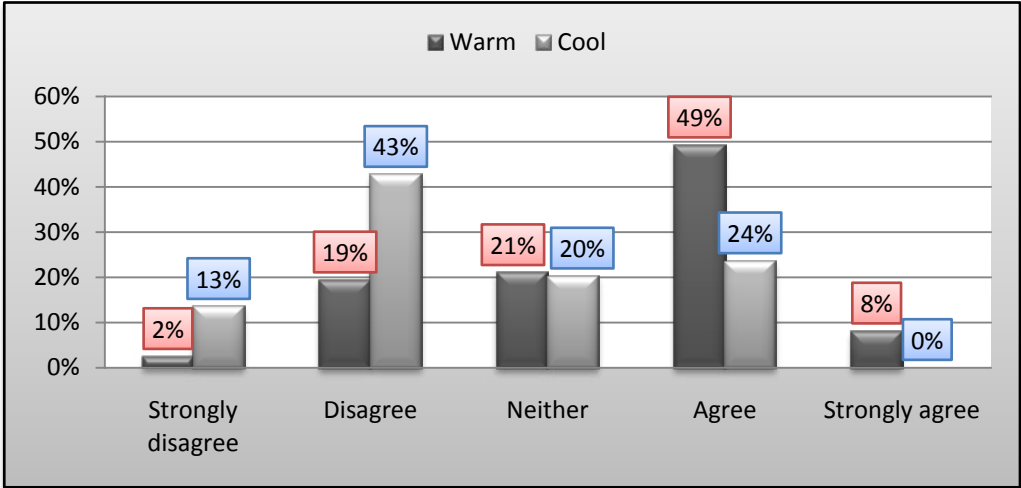
Similarly, a clear distinction showed for the statement ‘I don’t discuss the issue of philanthropy with my HNW clients unless they ask about it’, with cool advisers largely *agreeing* (72%, including 18% who strongly agreed) and warm advisers largely *disagreeing* (70%, including 23% who strongly disagreed).

Figure 33: Extent to which warm and cool advisers agree with the statement ‘I don’t discuss the issue of philanthropy with my HNW clients unless they ask about it’



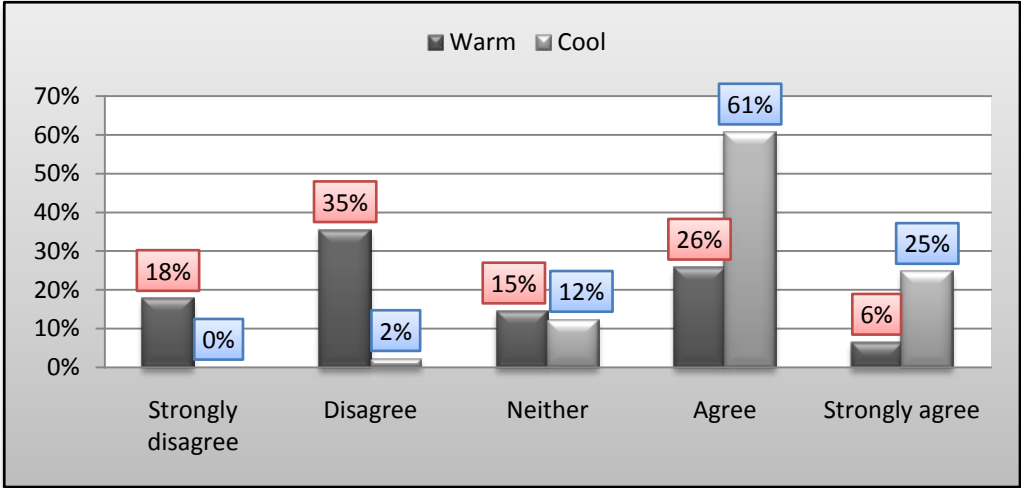
Where a client was not initially interested in philanthropy, warm advisers were more likely to raise the issue again, with 57% in agreement (8% strong agreement), in contrast to just 24% of cool advisers who would – a 23% difference, as in Figure 34 below.

Figure 34: Extent to which warm and cool advisers agree with the statement ‘If a client is not interested in philanthropy, I am likely to raise the issue later as things may have changed’



About half of all warm advisers dismissed the notion that giving advice about philanthropy was unusual, with 53% *rejecting* the statement ‘Giving HNW clients advice about philanthropy does not usually form part of my advice process’ compared to just 2% of cool advisers. An overwhelming majority (86%) of cool advisers agreed with the statement (25% in *strong* agreement), in contrast, to 32% of warm advisers who did (6% of these in strong agreement).

Figure 35: Extent to which warm and cool advisers agree with the statement ‘Giving HNW clients advice about philanthropy does not usually form part of my advice process’



4.2.4 Adviser attitudes

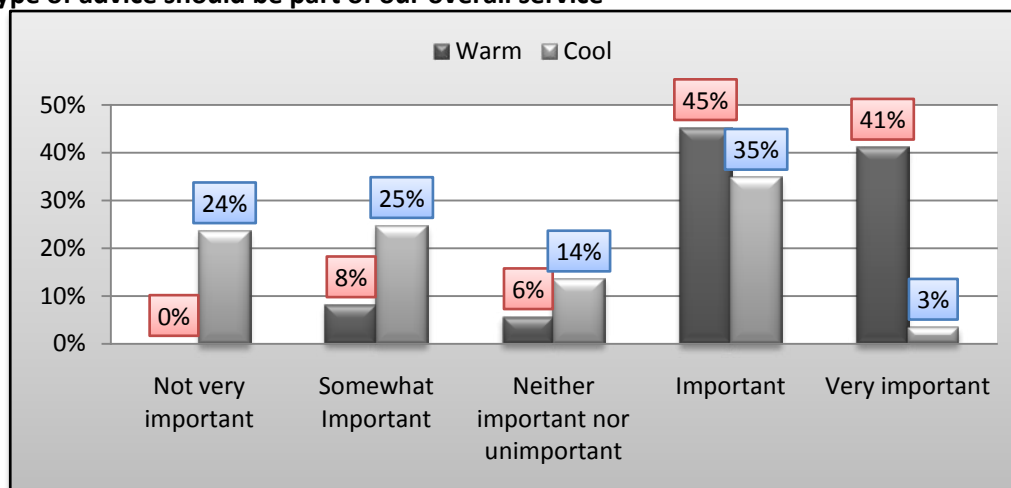
First, motivations to provide philanthropic services are compared in this section, then constraints to advising, level of interest, and resources that are perceived as useful.

Motivations

The *single most important* difference was that 41% of warm advisers felt it was very important that ‘provision of this kind of advice should be part of our overall service’, in contrast to a negligible 3% of the cool group – a 38% difference.

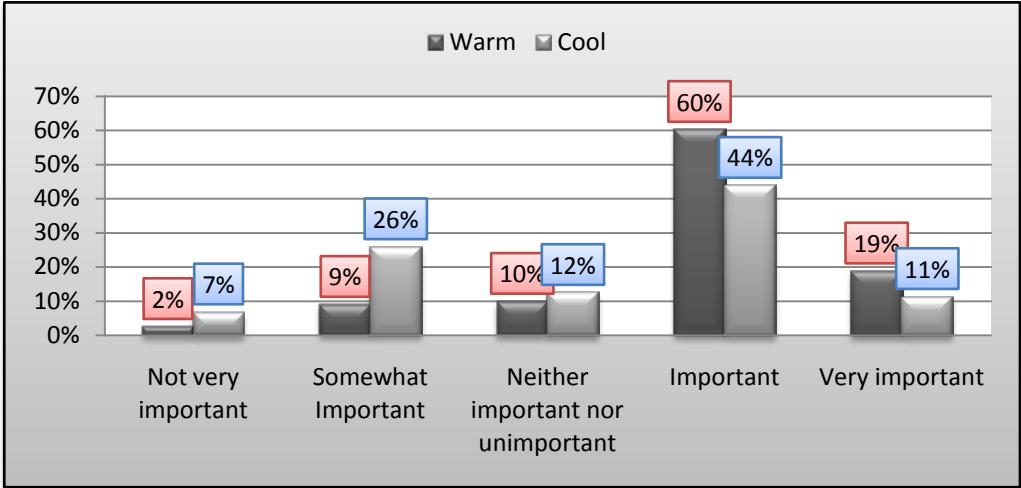
Conversely, almost half (49%) of the cool group believed this was relatively *unimportant* - either not very important (24%) or only somewhat important (25%) – with just 8% of the warm saying ‘somewhat important’.

Figure 36: Extent to which warm and cool advisers felt it was an important motivator that ‘provision of this type of advice should be part of our overall service’



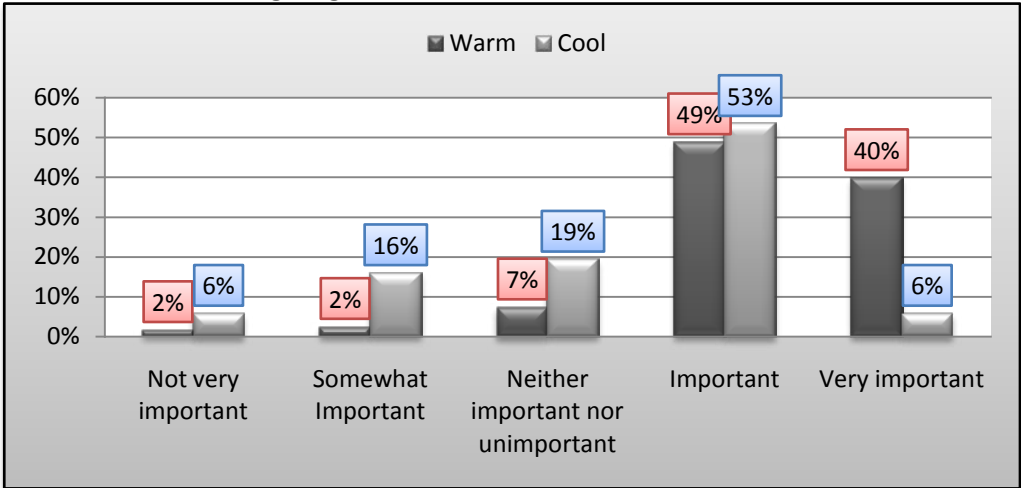
Also representing a marked difference were attitudes to providing philanthropic services in order to save taxes through *planning* one’s philanthropy. Almost 80% of warm advisers considered this either important (60%) or very important (19%). This compares to 55% of the cool group, who responded 44% and 11%, respectively – a 24% difference.

Figure 37: Extent to which warm and cool advisers felt it was an important motivator that by ‘planning wisely, philanthropic giving can reduce taxes’



While both warm and cool advisers largely agreed that ‘people can find a lot of satisfaction in giving’, Figure 38 shows those who felt *most strongly* about this were almost exclusively warm advisers (40% compared to 6% of cool advisers).

Figure 38: Extent to which warm and cool advisers felt it was an important motivator that ‘people can find a lot of satisfaction in giving’

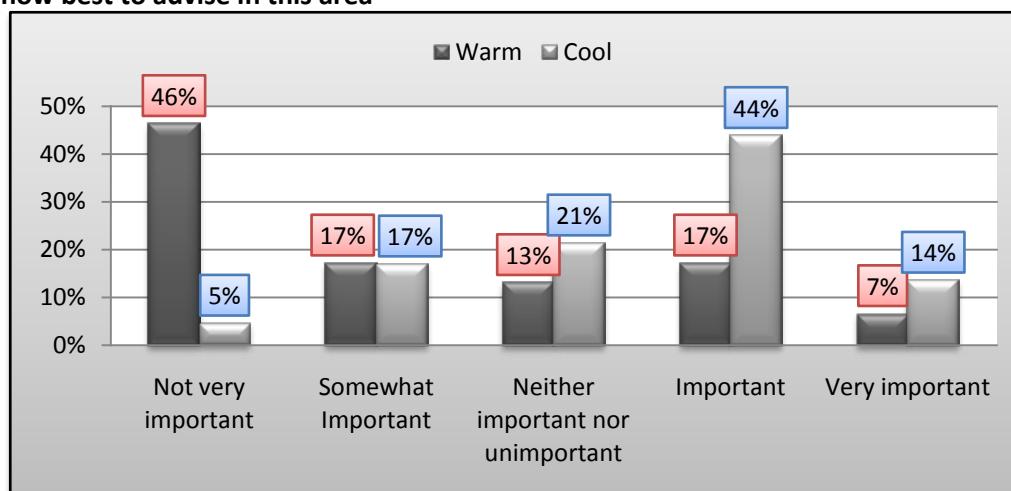


Again, the intensity of feeling was marked for the belief, ‘it is important for people to make a difference if they can’. More warm advisers described this as an important motivator (54% compared to 39% of the cool); with an additional 24% saying this is very important compared to just 7% of the cool).

Constraints

Cool advisers were far more likely to feel *unsure about advising* about philanthropy, with 58% describing this factor as either an important or very important constraint for them, compared to 24% of warm advisers – a 34% difference. Conversely, 46% of the warm considered this not very important, compared to just 5% of the cool.

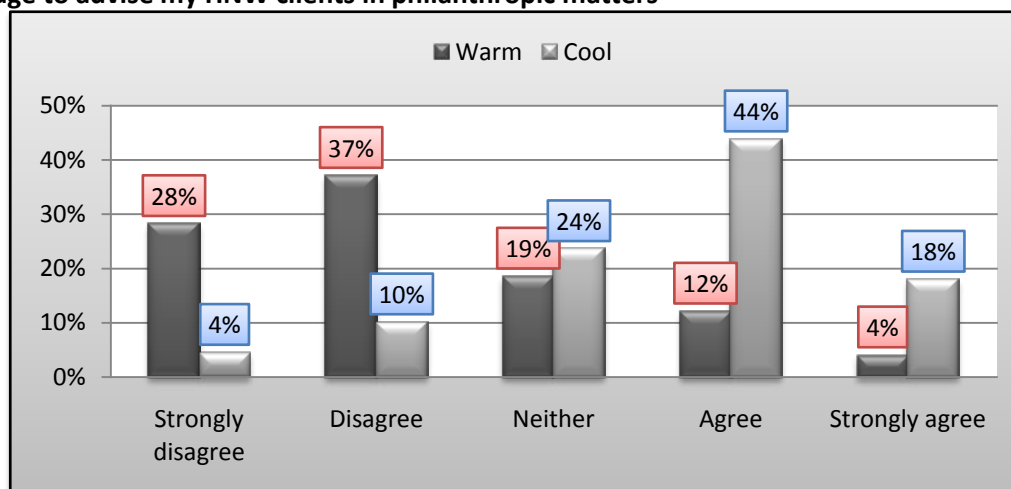
Figure 39: Extent to which warm and cool advisers felt it was an important constraint that they were 'unsure how best to advise in this area'



Another sharp difference was that cool advisers generally perceived themselves as *lacking the skills and knowledge* to advise about philanthropy, with 62% agreeing (18% of these *strongly*). Only 16% of warm advisers felt they lacked such capacity – a 46% difference (See Figure 40).

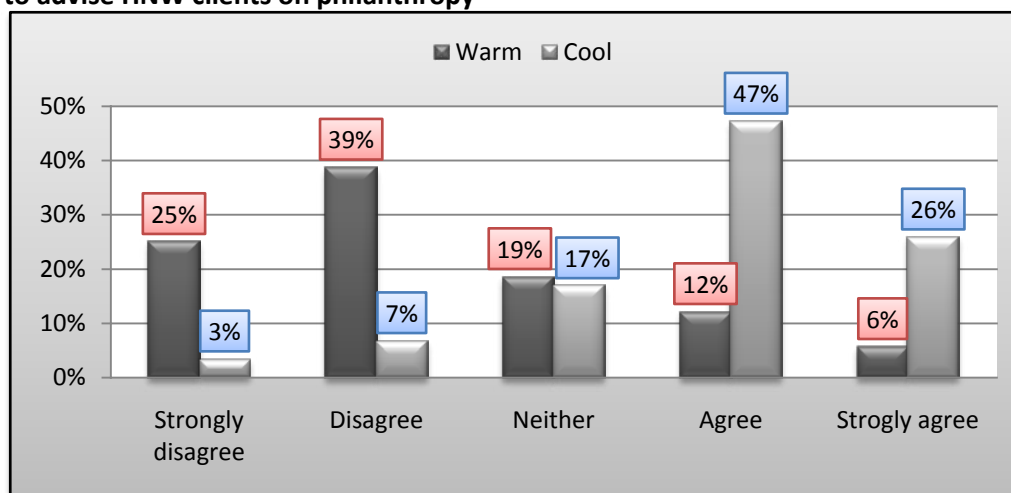
Indeed, 65% of warm advisers disagreed that they lacked skills and knowledge in this area, (28% of these strongly disagreeing), in contrast to the cool group where only 14% disagreed - a massive 51% difference.

Figure 40: Extent to which warm and cool advisers agree with the statement 'I lack the skills and knowledge to advise my HNW clients in philanthropic matters'



A separate question showed a similar pattern of responses. Cool advisers overwhelmingly reported that they *did not have the training* to advise about philanthropy: 73% agreed (with 26% of these agreeing strongly) compared to just 18% of warm advisers (6% agreeing strongly). Conversely, 64% of the warm adviser group disagreed that they lacked training (25% strongly disagreeing) in sharp contrast to 10% of cool advisers who disagreed (3% strongly).

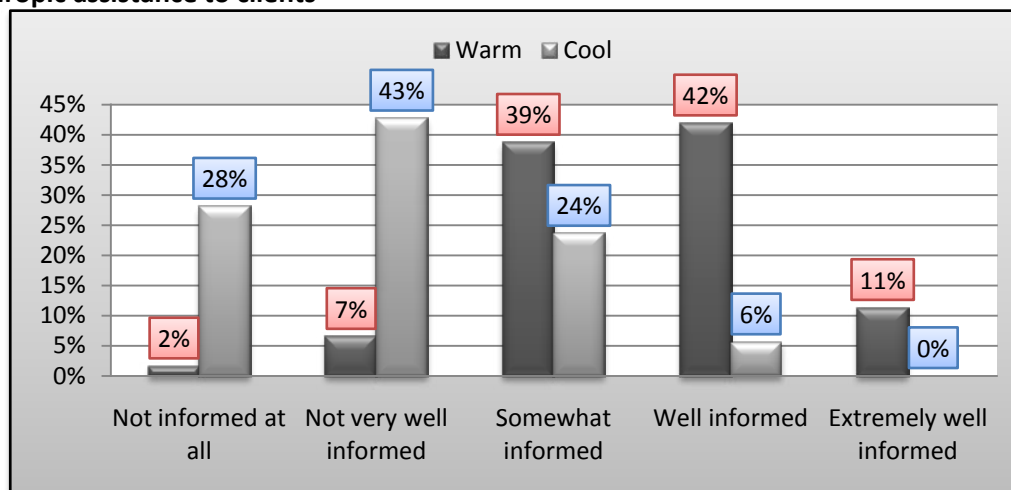
Figure 41: Extent to which warm and cool advisers agree with the statement ‘I don’t possess the training to advise HNW clients on philanthropy’



A final set of responses emphasises this difference in perceived capacity. More than half (53%) of warm advisers believed they were well informed (42%) or extremely well informed (11%) to provide philanthropic assistance to clients, compared to 6% of the cool - a 47% difference. Even when it came to being 'somewhat informed', far more of the warm advisers agreed (39% to 24% of cool advisers).

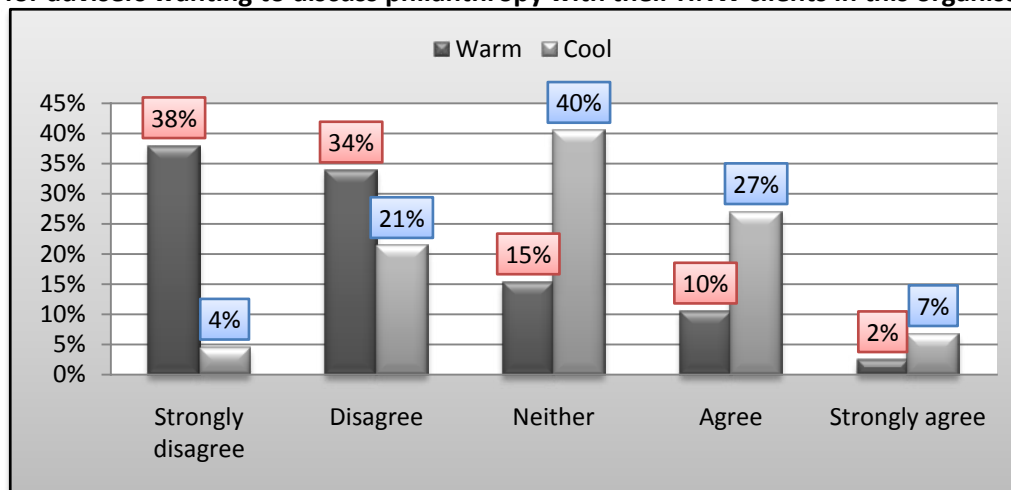
Cool advisers, on the other hand, reported being relatively uninformed, with 71% describing themselves thus (43% not very well informed and 28% not informed at all). Only 9% of the warm group felt thus – a massive 62% difference in attitude.

Figure 42: Extent to which warm and cool advisers felt they were informed about providing philanthropic assistance to clients



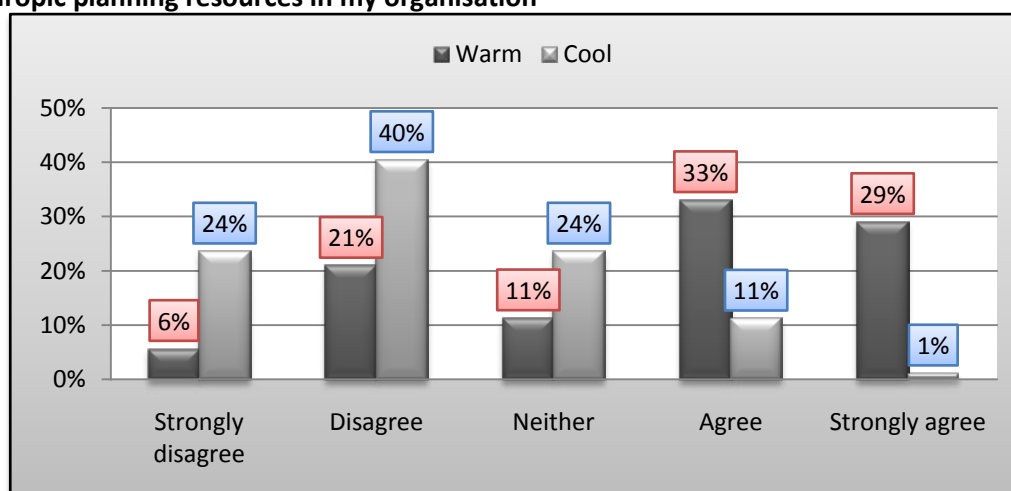
Warm advisers also rejected the notion that ‘there is no real support’ within their organisation for discussing philanthropy with clients with 72% disagreeing (including a huge 38% strongly disagreeing) while only 25% of cool advisers disagreed (4% strongly disagreeing) – a massive 47% difference. While a large cohort of cool advisers chose a neutral answer (40%), 34% *did* agree that they did not have much support (7% strongly agreeing), compared to 12% of the warm group.

Figure 43: Extent to which warm and cool advisers agree with the statement ‘There is no real support for advisers wanting to discuss philanthropy with their HNW clients in this organisation’



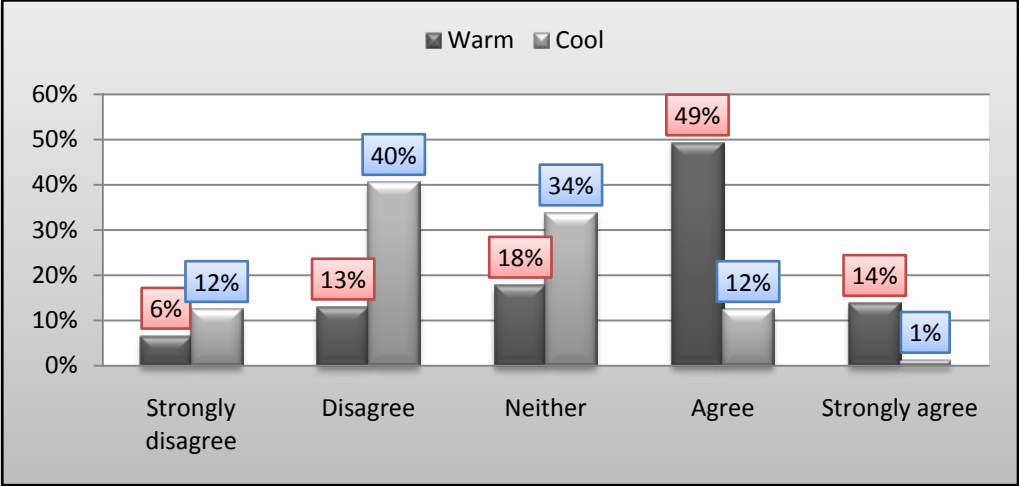
A similar split in views occurred for the statement, ‘it is easy to locate philanthropic planning resources in my organisation’, with warm advisers generally agreeing (62%) and cool advisers generally disagreeing (64%). It is noted that 29% of all warm advisers *strongly* agreed that it was easy to find such resources while only 1% of cool advisers did.

Figure 44: Extent to which warm and cool advisers agree with the statement ‘It is easy to locate philanthropic planning resources in my organisation’



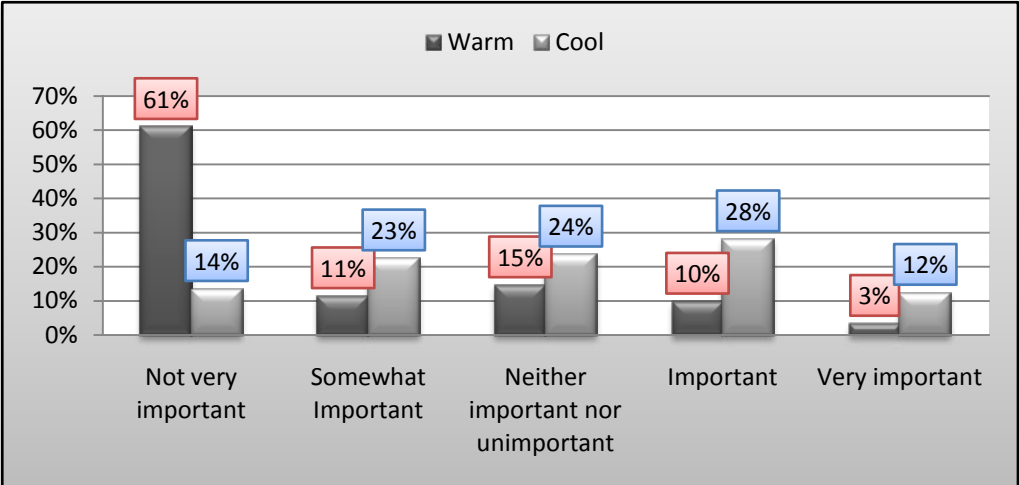
Warm and cool advisers also described very different kinds of workplaces. The majority of the warm (63%) agreed that it was accepted in their firm to discuss philanthropy with HNW clients (14% of these in strong agreement), in contrast, to the majority of the cool (52%) who disagreed with the statement (12% in strong disagreement).

Figure 45: Extent to which warm and cool advisers agree with the statement ‘it is accepted that advisers discuss philanthropy with their HNW clients in this organisation’



Another concern felt more widely by *cool* advisers was that they *should not* be offering this type of advice. While 40% believed it was outside their professional role, with 28% describing this as an *important* consideration (and 12% seeing it as very important), only 13% of warm advisers agreed that that it was outside their professional role – a 27% difference.

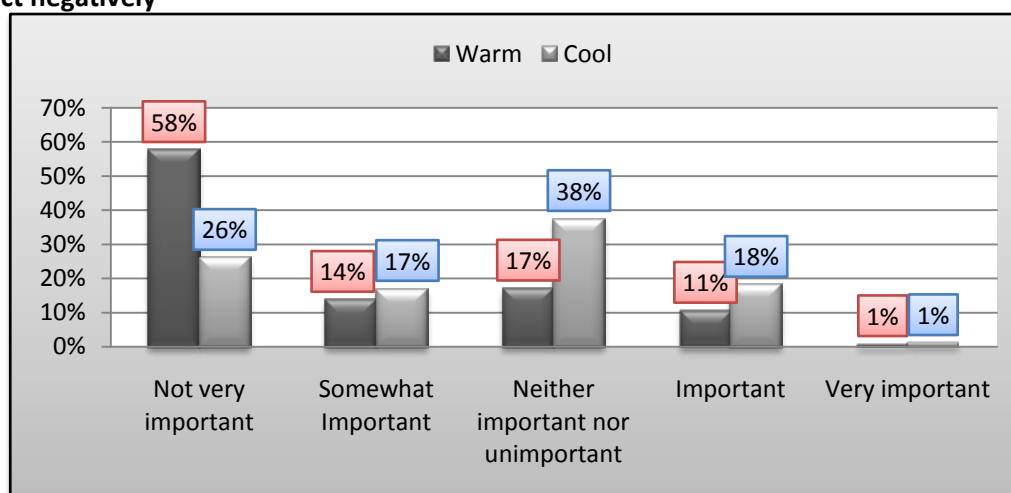
Figure 46: Extent to which warm and cool advisers felt it was an important constraint that offering philanthropic advice was ‘outside my professional role’



Two other factors distinguished the two types of adviser:

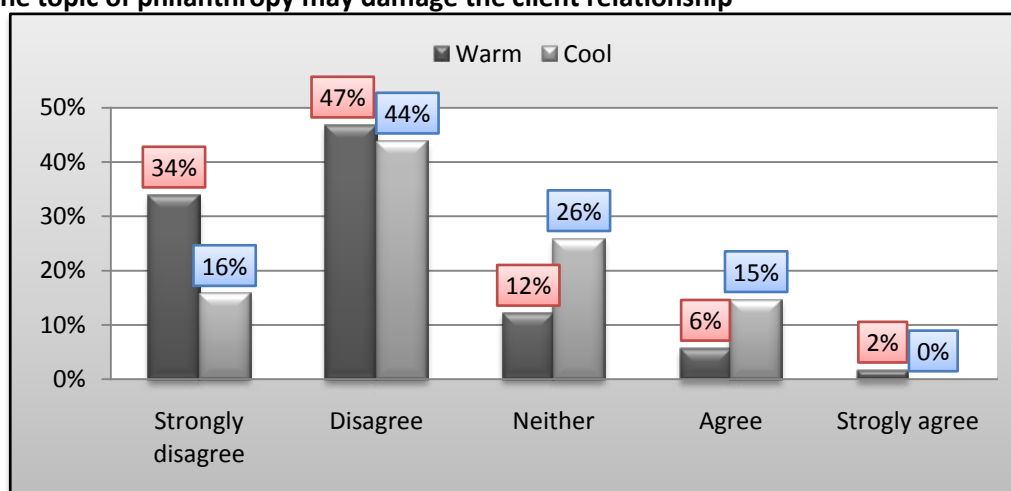
Firstly, the view that clients may react negatively to discussing philanthropy: 19% of cool advisers saw this as a constraint to providing philanthropic services (describing it as important or very important), compared to 12% of the warm - a 7% difference. The distinction is highlighted when comparing those who think this is *not very important*: 58% and of warm advisers say this factor is not very important, while only 26% of the cool do.

Figure 47: Extent to which warm and cool advisers felt it was an important constraint that 'clients may react negatively'



Secondly, support for this concern was found in a separate question that queried agreement to the statement 'I am concerned that raising the topic of philanthropy might damage the client relationship'. Even though both types of adviser tended to disagree, 34% of warm advisers *strongly* disagreed, in contrast to 16% of the cool who did.

Figure 48: Extent to which warm and cool advisers agree with the statement 'I am concerned that raising the topic of philanthropy may damage the client relationship'



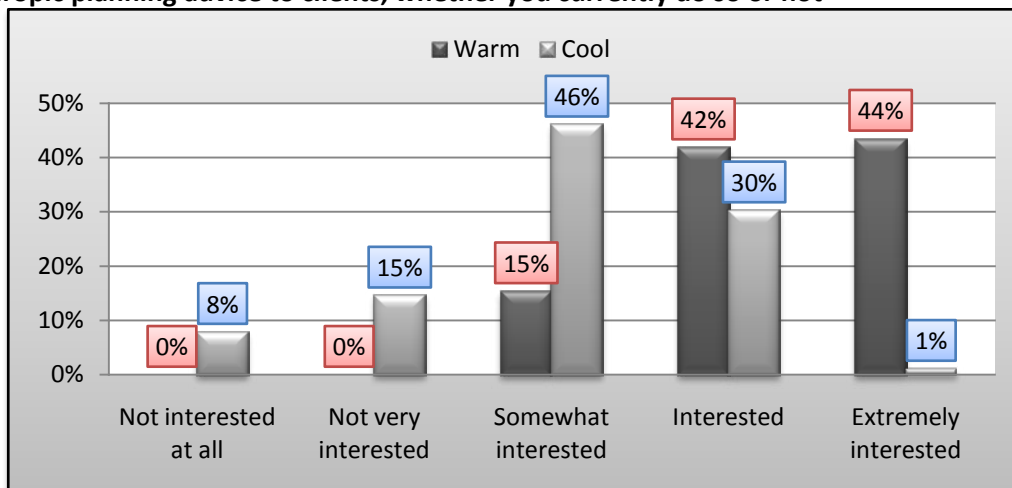
Interest in providing philanthropy services

In order to check on the difference in the level of interest and motivation between warm and cool advisers, five slightly different questions were asked at different points of the survey. Warm advisers were consistently positively disposed to assisting clients in this while cool advisers tended to show disinterest.

For example, when asked about their interest in providing such services (whether or not they were currently doing so), warm advisers were far more enthusiastic about it. Some 44% of warm advisers said they were *extremely* interested in doing so, compared to just 1% of cool advisers (who were more likely to be 'somewhat' interested).

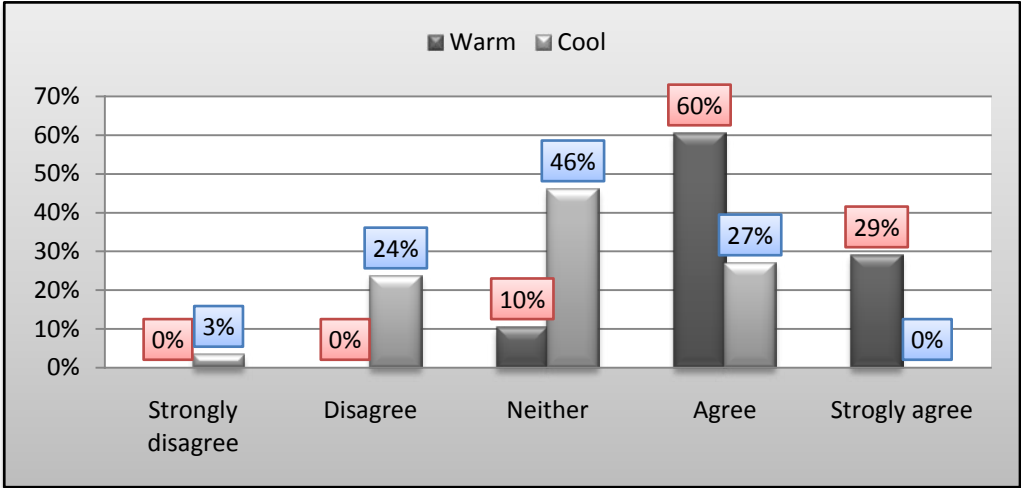
Furthermore, all warm advisers expressed at least minimal interest, whereas 23% of cool advisers were either not very interested or not interested at all, as seen in Figure 49 below.

Figure 49: Extent to which warm and cool advisers were 'personally interested in providing philanthropic planning advice to clients, whether you currently do so or not'



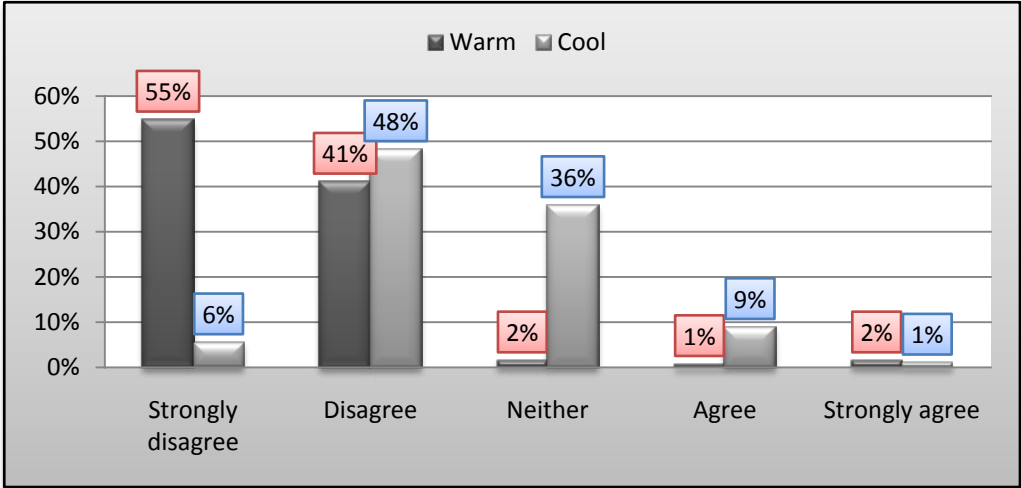
A slightly different question yielded similar results. A very large cohort (89%) of warm advisers had ‘a desire to discuss philanthropy’ with their HNW clients, with 29% of these *strongly* agreed, compared to just 27% of the cool group (none of whom strongly agreed) – a massive 62% difference. Mostly, the cool advisers were neutral on the issue (46%).

Figure 50: Extent to which warm and cool advisers agree with the statement ‘I have a desire to discuss philanthropy with my HNW clients’



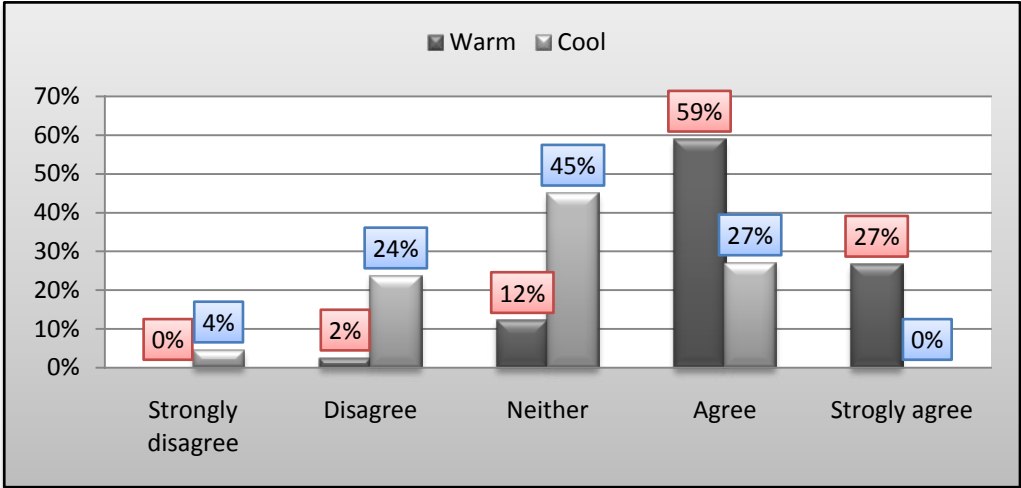
When asked this question in reverse - that is, the extent to which they agreed that they had *no interest* in providing such assistance - 96% of warm advisers disagreed with it, and the majority of these (55%) rejected it strongly. Contrast this to cool advisers: while 48% disagreed, an additional 36% adopted a neutral position (compared to only 2% of the warm).

Figure 51: Extent to which warm and cool advisers agree with the statement ‘I have no interest to discuss philanthropy with my HNW clients’



On the question of motivation, again warm advisers dominated amongst those who agreed, with some 86% of agreeing that they were motivated to assist clients (including 27% who were in strong agreement), compared to just 27% of the cool (without any in strong agreement). Indeed, almost one in three cool advisers (28%) *disagreed* that they were motivated to assist clients with philanthropy.

Figure 52: Extent to which warm and cool advisers agree with the statement ‘I am motivated to provide my HNW clients with philanthropic advice’



Useful resources

Warm advisers were more likely to see the following philanthropic resources as *useful*:

- Overview of philanthropic options (66%, compared to 34% of the cool);
- Case studies (71% to 46%);
- Updates on philanthropic giving (71% to 49%); and
- Advice from peers (51% to 36%).

Sample documents were rated fairly equally by warm and cool advisers (56% to 57%).

Figure 53: Percentage of warm and cool advisers to select five resources that would be useful in assisting clients with philanthropy

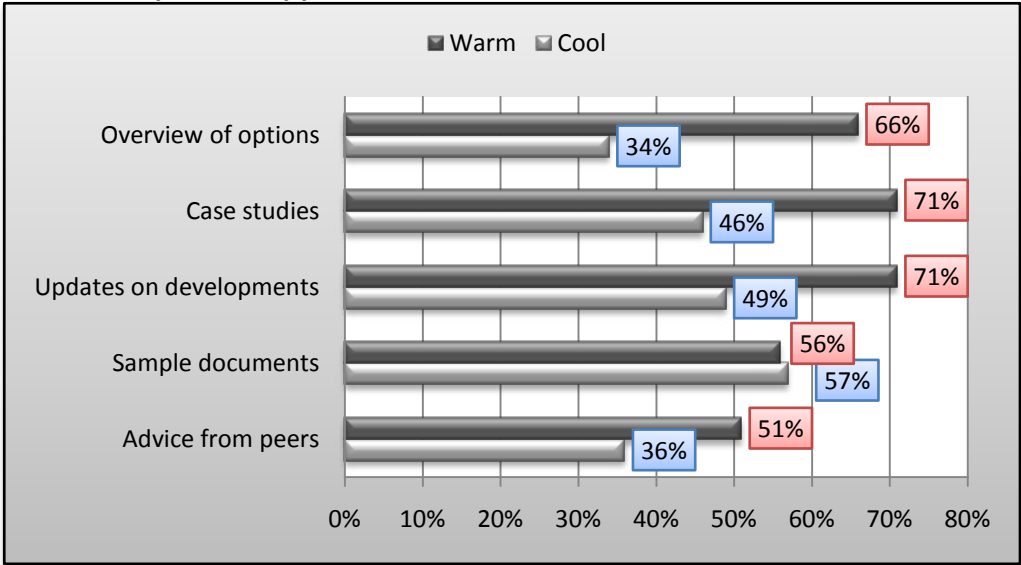


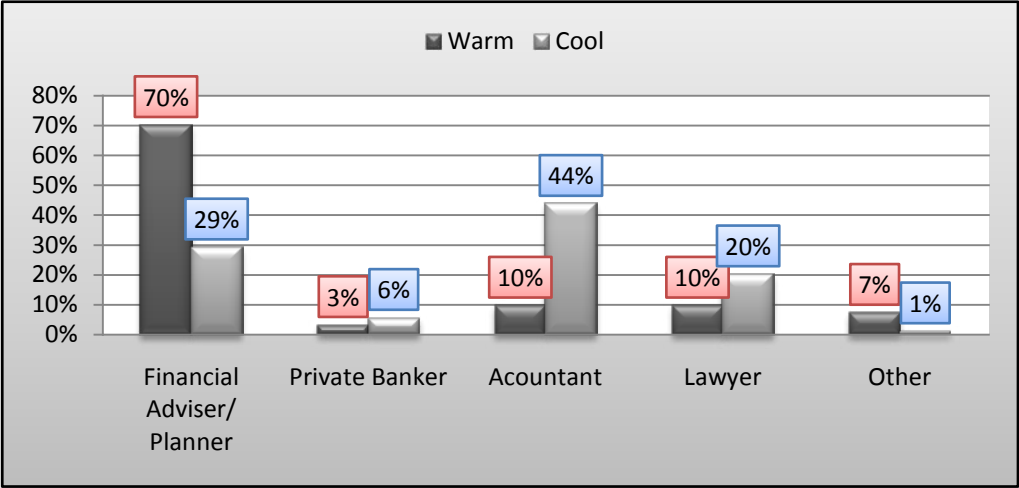
Figure 53 above shows that after sample documents, cool advisers were likely to regard updates on philanthropic giving and case studies as the most useful types of resources, with almost half describing them thus.

4.2.5 Demographic differences

Some of the main differences were that the cool adviser is:

- More likely to be *under 30 years*, accounting for 21% of the cool compared to just 2% of the warm;
- Slightly more likely to be *female*, accounting for 27% of the cool segment compared to 19% of the warm; and
- More likely to be an accountant than financial adviser (with accountants representing 44% of the cool group and only 10% of the warm). Lawyers were also over-represented in the cool group by two to one.

Figure 54: Professional role of warm and cool respondents



4.3 Survey highlights

In summary, findings reflect a favourable orientation by Australian professional advisers towards providing philanthropy assistance to their HNW clients, along with some dynamics that temper this assistance.

On the positive side:

- **Almost all professional advisers surveyed (93%) had a positive view of philanthropy.** The rest were largely neutral; less than 1% disapproved of the practice.
- **Professional advisers themselves tended to give and to give well.** Some 80% of all respondents reported personal engagement in philanthropic giving. Even after excluding the two largest gifts (valued together at over \$200,000), the reported average annual donation was \$6,656 (in 2007-08), *more than ten times* than for Australians generally the year earlier (\$440). (This reported annual donation by respondents is also substantially higher than the average annual donation of \$696 claimed for a tax deduction by the professional category of financial advisers and planners for 2006-07.⁸)
- **Advisers expected some of their clients to be interested in philanthropy and most were not concerned that raising the topic would jeopardise client relationships with the rest.** Only 8% said they did *not* expect their HNW clients to be interested in philanthropy and just 11% expressed concern that raising the topic might damage client relationships.
- **Most advisers could identify motivations for providing philanthropy assistance and a majority believed it should be part of an overall service to clients.** More than 65% of advisers perceived at least one benefit in providing such assistance and a similar percentage saw it as an essential part of their client offering. The top motivations for advisers to offer such a service were:
 - Contributing to client satisfaction (through their engaging in philanthropy), nominated by 77% of all respondents;
 - Reducing clients' taxes (by planning gifts well), say 69% of advisers reporting on this benefit;
 - It should be part of overall service, a motivation for 66% of advisers; and
 - It can be personally rewarding, with 65% saying it is important to make a difference if one can.
- **The majority of advisers were interested in assisting clients with philanthropy, at least to some degree.** More than half expressed a desire to *discuss* philanthropy with their HNW clients (supported by 65% of all respondents) and had interest in providing philanthropy *advice* themselves (63%).

⁸ <http://www.bus.qut.edu.au/research/cpns/postcode.php>

Hindering such assistance, perhaps, are the following attitudes and behaviours:

- **Advisers varied in their awareness of their clients' interest in philanthropy, and tended not to discuss it.** Four in 10 advisers described themselves as uninformed about their client's interest in philanthropy and involvement in their philanthropic activities. Furthermore, fewer than half (45%) had discussed philanthropy with more than 10% of their HNW clients (with one in five discussing it with more than 40%).
- **Advisers were unsure how fluctuating markets would affect client interest in philanthropy.** 45% of advisers felt that fluctuating financial markets will mean less client interest in philanthropy, however, 55% disagreed (keeping in mind that perceived client engagement in philanthropy was low).
- **There were substantial gaps in advisers' perceived capacity to provide philanthropy advice.** Only one third of advisers believed they were informed to provide philanthropic assistance; while 39% were 'unsure how best to advise in the area'; and four in 10 felt they do not possess the training to advise clients in this area. The most useful resource, nominated by 74% of advisers, was an overview of philanthropic options.
- Significantly, findings point to two distinct different types of adviser in relation to the provision of philanthropy advice – termed, in this report, the 'warm' adviser, and the 'cool' one. Key differences are shown in Table 1.

Table 1: Strongest differences between ‘warm’ and ‘cool’ advisers in assisting HNW clients with philanthropy

	‘Warm’	‘Cool’
Attitude to philanthropy and own philanthropic behaviour		
<i>Strongly</i> agree that they view philanthropy positively	60%	15%
<i>Strongly</i> agree that philanthropy adds to quality of life	33%	6%
<i>Strongly</i> agree that people can find a lot of satisfaction in giving	40%	6%
Disagree that downturn would dampen an interest in philanthropy	64%	43%
Reported average donation in year prior (excluding outlier gifts) ⁹	\$10,700	\$1,800
Motivation, capacity and organisational issues		
Want to discuss philanthropy with their HNW clients	89%	27%
<i>Extremely</i> interested in assisting clients with philanthropy	44%	1%
Feel motivated to assist HNW clients with philanthropy	86%	27%
An important constraint is that philanthropy falls outside professional role	13%	40%
Feel sufficiently informed to provide philanthropic assistance	53%	6%
Lack sufficient training to advise about philanthropy	18%	73%
Easy to locate philanthropic planning resources in organisation	62%	12%
<i>Disagree</i> that they lack organisational support in this area	72%	25%
It is accepted in their firm to discuss philanthropy with HNW clients	63%	13%
<i>Strongly</i> agree that philanthropy is needed in overall service to clients	41%	3%
How they discuss philanthropy with clients		
Discuss philanthropy with 10% or more of their HNW clients	68%	10%
Often asked clients about their philanthropic needs	55%	2%
Proactive in approaching clients about philanthropy	59%	1%
Likely to raise again if client not initially interested as things may change	57%	24%
Not an important constraint that some clients may react negatively	58%	26%
Demographic characteristics		
Under 30 years	2%	21%
Accountant	10%	44%

Note: The two right hand columns show the percentage of ‘warm’ or ‘cool’ advisers who fell into the category in the left column. Only the strongest points of difference are shown and where similar factors were tested and showed the same pattern, not all are illustrated.

⁹ The median donation in the year prior was \$2,000 and \$650 for warm and cool advisers, respectively.

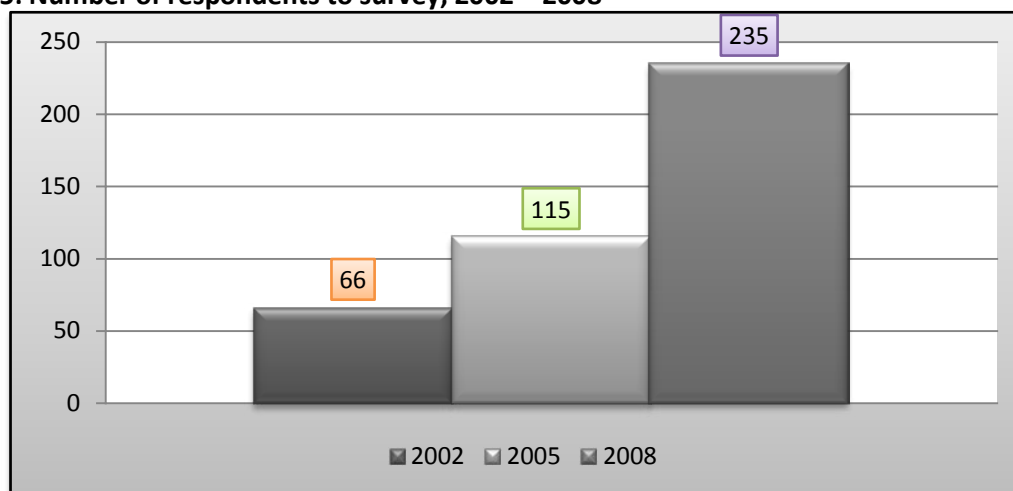
4.4 Trends

This section presents key trends and developments since the survey was first conducted in 2002, although refinements to the survey instrument mean direct comparisons are not always possible. Also, *aggregate* findings from the 2005 study are considered here for comparison purposes. Readers of the earlier report will be aware that at the time, data was reported on a split basis for two distinct groups of advisers that emerged from the data: those who agreed that they assisted interested clients with a philanthropic strategy and those who do not. A small number who neither agreed nor disagreed was excluded from the 2005 analysis.¹⁰ That is, the comparisons here are of the whole sample from each survey so slight data variations will show in 2005 figures.

What do our findings show? The main trend that has emerged since 2002 is the increasing professional and personal *interest in philanthropy* by professional advisers. The next section illustrates this change and related trends.

Just before we turn to these, some survey trends are noted. *Firstly*, while the majority of respondents continue to be financial advisers and planners, there is growing participation by accountants and lawyers, from negligible levels to represent 24% and 15% of the total 2008 sample, respectively (in contrast, participation by private bankers has barely risen to comprise a negligible 4% of the 2008 sample).¹¹ *Secondly*, while most respondents in 2008 are male, the proportion of females has doubled since 2002, now standing at 23% of respondents. *Finally*, the greatest change is that overall participation has jumped, with the latest survey reporting almost four times the number in the first survey, now standing at 235.

Figure 55: Number of respondents to survey, 2002 – 2008



Next, we consider the key trends, first addressing changing adviser attitudes.

¹⁰ The 2005 report '*Is the Tide Turning? Professional Advisers Willingness to Advise about Philanthropy*' explains the method used and rationale. At the time, a minority of advisers (15) did not respond when asked if they provided a philanthropic strategy for interested clients and they did not form part of the report. In this discussion of trends, all 115 respondents are included from the earlier study and thus account for any slight differences in how this data was reported in 2006 and in this report.

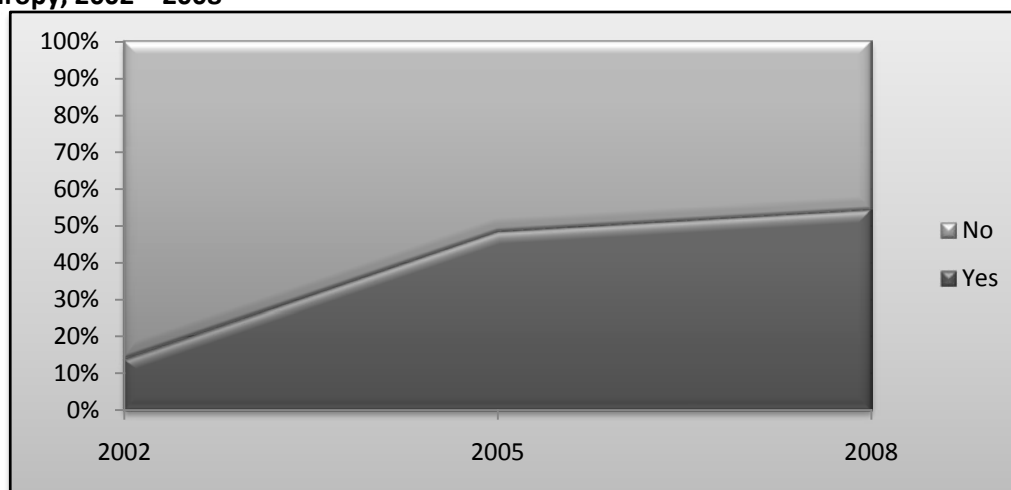
¹¹ Efforts were expended to increase participation within all professional fields.

4.4.1 Attitudinal trends

Growing keenness to assist interested clients with philanthropy

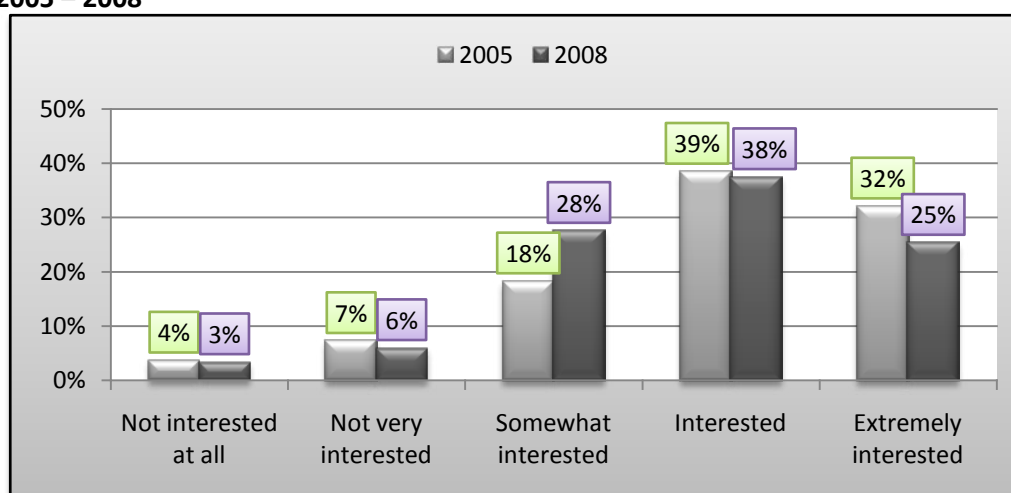
In 2002, the percentage of advisers in the sample who were *willing* to develop a philanthropy strategy for a client who expressed an interest in philanthropy was just 14%. In 2005, this had jumped to some 50% and edged up further in 2008 to 55%, as Figure 56 below shows.¹²

Figure 56: Percentage of advisers who would develop a strategy for a client interested in philanthropy, 2002 – 2008



2008 saw a slight reduction in the percentage of respondents who were either interested or extremely interested in providing this type of service, from 71% in 2005 to 63% in 2008, as shown in Figure 57 below.

Figure 57: Extent to which advisers were personally interested in providing philanthropic planning advice, 2005 – 2008

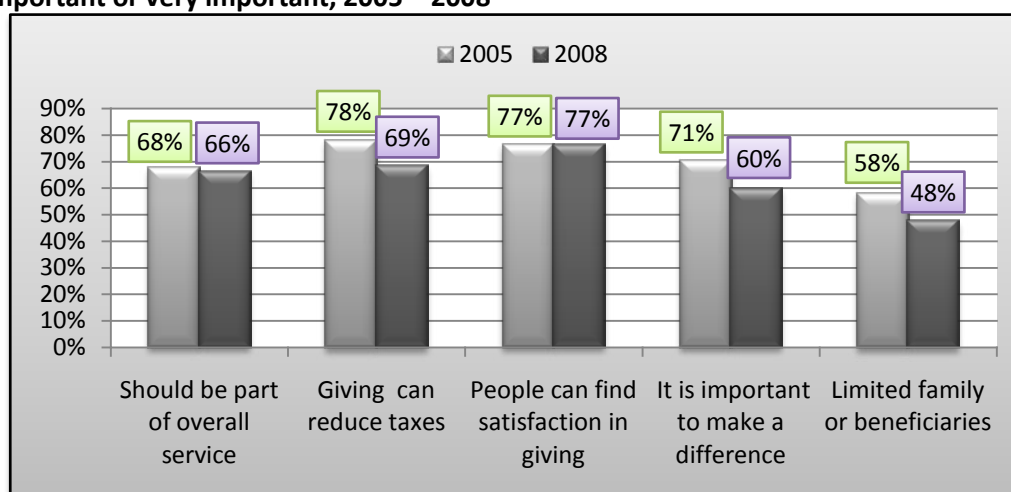


¹² In 2005 and 2008, respondents were also given the option of not sure/not applicable. These respondents have been removed here for ease of comparison with 2002 data. 2008 'No' response options include – 'No, but others in my firm would', 'No - but I would refer my client to someone outside my firm', and 'No - I do not expect this to come up'.

More see reasons to assist interested clients with philanthropy:

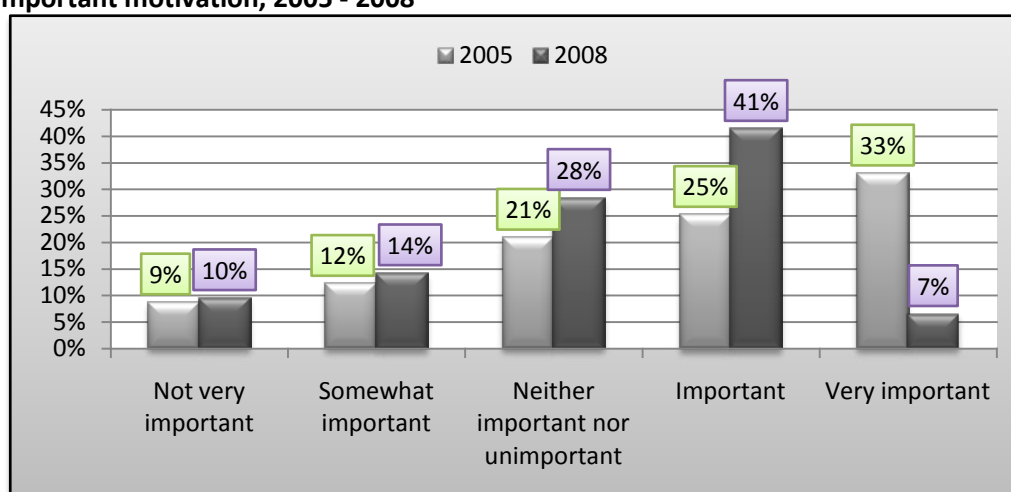
- Overall, support for a range of motivations for assisting clients with philanthropic planning has stayed fairly stable from 2005 to 2008.
- The largest change in overall support was an 11% reduction in advisers who felt that it is important for people to make a difference if they can (from 71% to 60%).
- The percentage of advisers who felt having limited family ties or no obvious beneficiaries was important or very important decreased since 2005 (from 58% to 48%). This was the *least* compelling motivation for them, supported by less than half of advisers in 2008.

Figure 58: The percentage of advisers who rank motivations to assist clients with philanthropy as either important or very important, 2005 – 2008



In each case, 2008 advisers were more reserved than their 2005 counterparts, and were more likely to consider each motivation important rather than very important. The most notable example of this is in regards to beneficiaries, which was very important for 33% of 2005 advisers and only 7% of 2008 advisers.

Figure 59: Extent to which advisers felt that clients having limited family or no obvious beneficiaries was an important motivation, 2005 - 2008



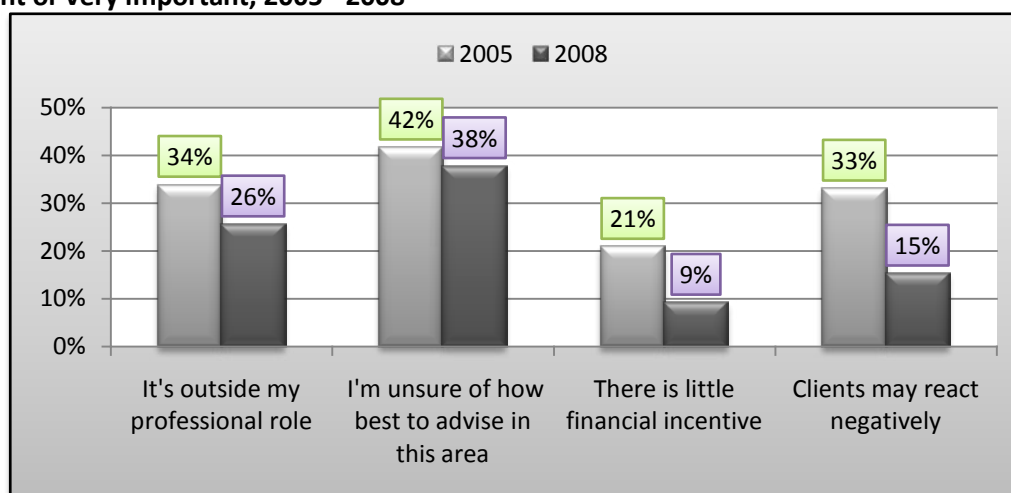
Fewer see barriers to providing such assistance

In 2008, only 15% of advisers were concerned about a negative client reaction if philanthropy is raised with them, compared to 33% in 2005.

Concern that this type of advice is outside their professional role has also fallen from 34% of advisers in agreement in 2005 to just 26% of advisers in 2008.

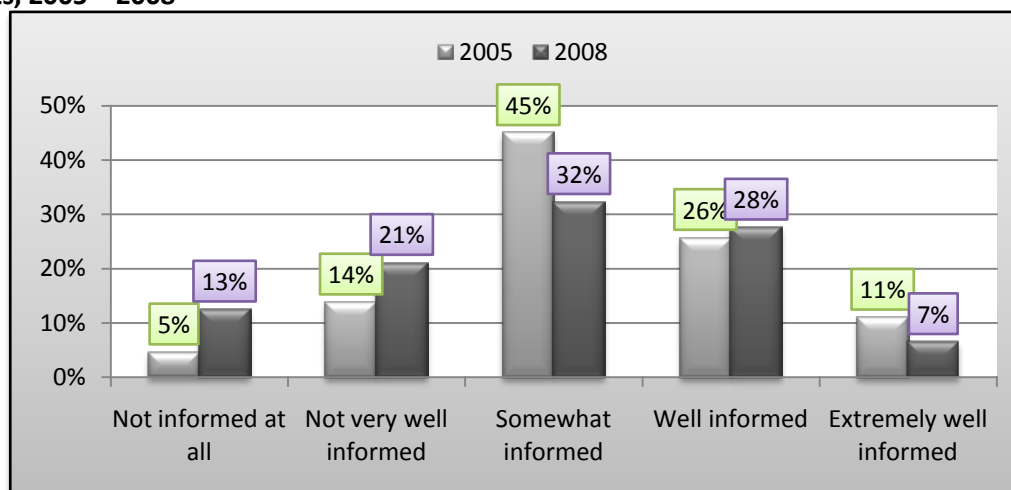
Limited financial incentives, the least significant barrier for advisers, has dropped further from just over 20% who felt it was important or very important in 2005 to less than 10% in 2008.

Figure 60: The percentage of advisers who rank barriers to assist clients with philanthropy as either important or very important, 2005 - 2008



A continuing barrier is that almost one in four advisers (38%) are unsure how best to advise in this area. In fact, a greater proportion of advisers described themselves as less informed about providing philanthropic assistance, (with 34% describing themselves as not informed at all or not very well informed in 2008, compared to 18% in 2005).

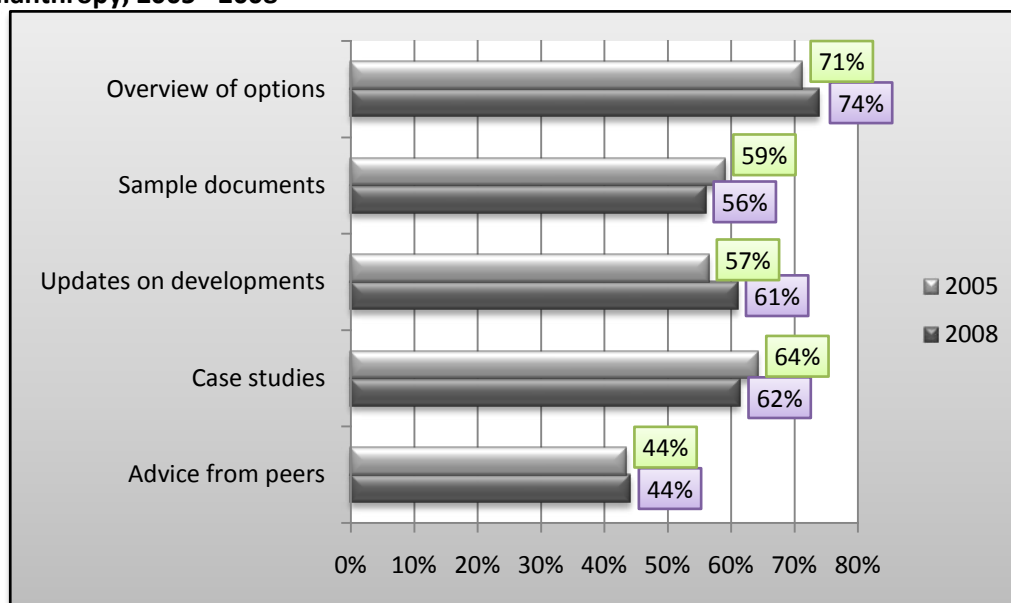
Figure 61: Extent to which advisers felt they were informed about providing philanthropic assistance to clients, 2005 – 2008



Adviser interest in philanthropic resources remains strong

With the exception of peer advice, the majority of advisers report continuing interest in a range of philanthropic resources, as Figure 62 shows. The strongest interest remains access to an overview of options for clients.

Figure 62: Percentage of advisers to select five resources that would be useful in assisting clients with philanthropy, 2005 - 2008



Perceived client use of philanthropic vehicles falls

While a larger percentage of advisers had more than 5% of clients using four different philanthropic mechanisms, these mechanisms are still used by a very small proportion of clients (see Figure 63 below).

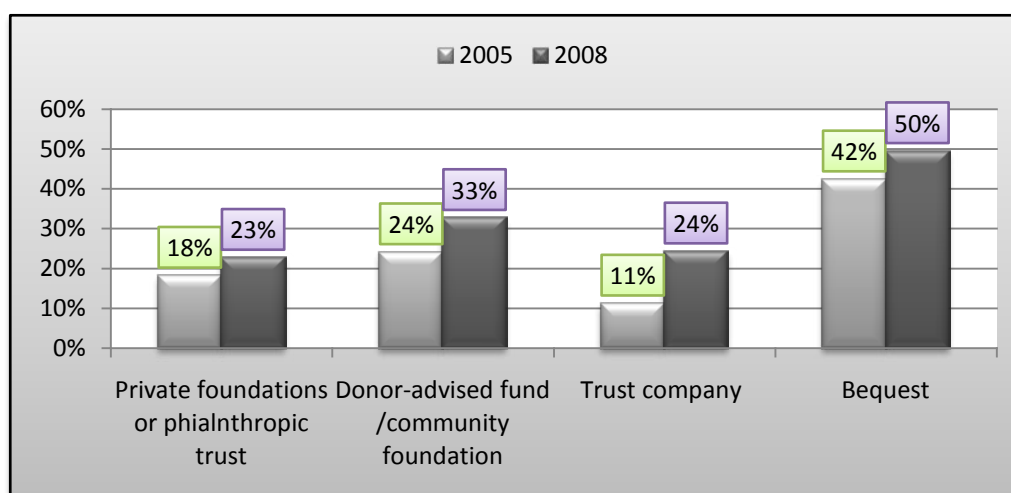
The largest increase in the use of philanthropic mechanisms was recorded for trust companies. Now almost one quarter (24%) of advisers have 5% of clients using this mechanism, compared to 11% in 2005.

Charitable bequests are still the most widespread philanthropic vehicle with half of all advisers in 2008 having 5% or more of clients who have pledged a bequest. However, this means that for the other half of advisers, 95% of their clients have not pledged a bequest. By comparison, in 2002, only 22% of advisers reported having more than 10% of their HNW clients who planned to leave a charitable bequest. At the same time, 38% had no clients who intended to bequest.

In 2005, 24% of advisers reported that more than 5% of their HNW clients used a donor-advised fund or community foundation; this rose to 33% in 2008 (a 9% increase). A significant 61% of 2002 advisers had no clients using a community foundation.

In 2005, 18% of advisers reported that more than 5% of their HNW clients used a private foundation or philanthropic trust. This rose to 23% of advisers in 2008. In 2002, almost half, (48%) of advisers had no clients using this vehicle.

Figure 63: Percentage of advisers with 5% or more clients using a philanthropic mechanism, 2005 - 2008



The final area of attitudinal change that emerged is possibly more negative.

Fewer feel well informed about their HNW client's interest in philanthropy

The proportion of advisers who believe that they are well informed or extremely well informed about their clients' interest in philanthropy has fallen from 39% in 2005 to just 22% in 2008.

We now turn to the trends that have emerged in adviser behaviour.

4.4.2 Behavioural trends

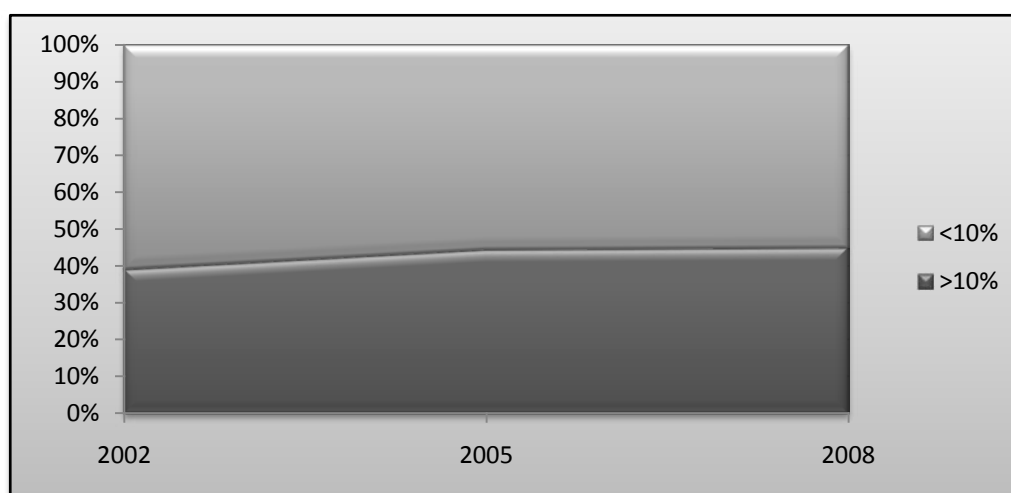
Behaviour changes can be observed in both an increase of proactive behaviour and a decrease of reluctant behaviour.

Slightly more professional advisers are discussing philanthropy with HNW clients

Between 2002 and 2008, the number of advisers who reported discussing philanthropy with more than 10% of HNW clients rose from 39% to 45%.¹³

Positively, 10% of 2008 advisers now discuss philanthropy with at least 80% of their HNW clients. This is up from 2% in 2002.

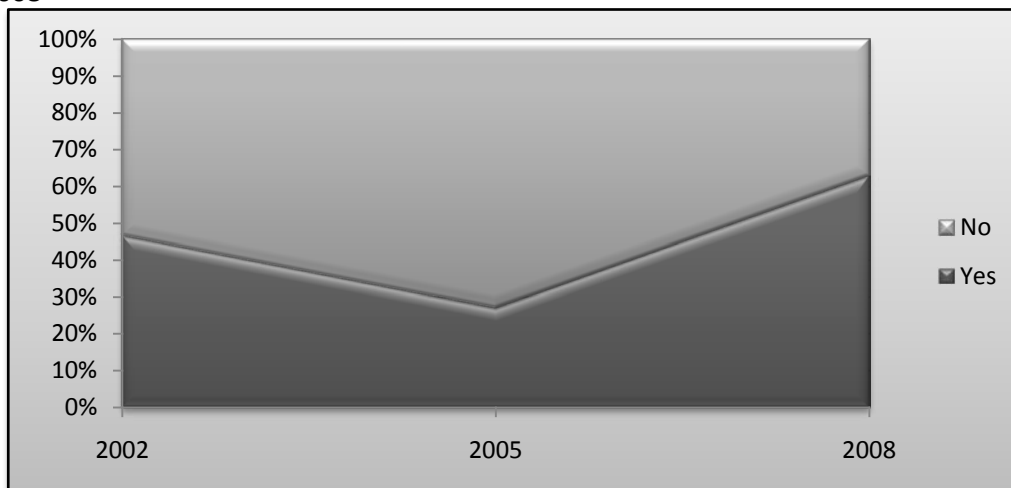
Figure 64: Percentage of advisers who discuss philanthropy with 10% or more HNW clients, 2002 - 2008



¹³ In 2008 HNW was defined as a net worth of \$1.2 million or an annual income of \$100,000, compared to a net worth of \$2.5 million or an annual income of \$250,000 in 2005, and a net worth of \$2 million or an annual income of \$500,000 in 2002.

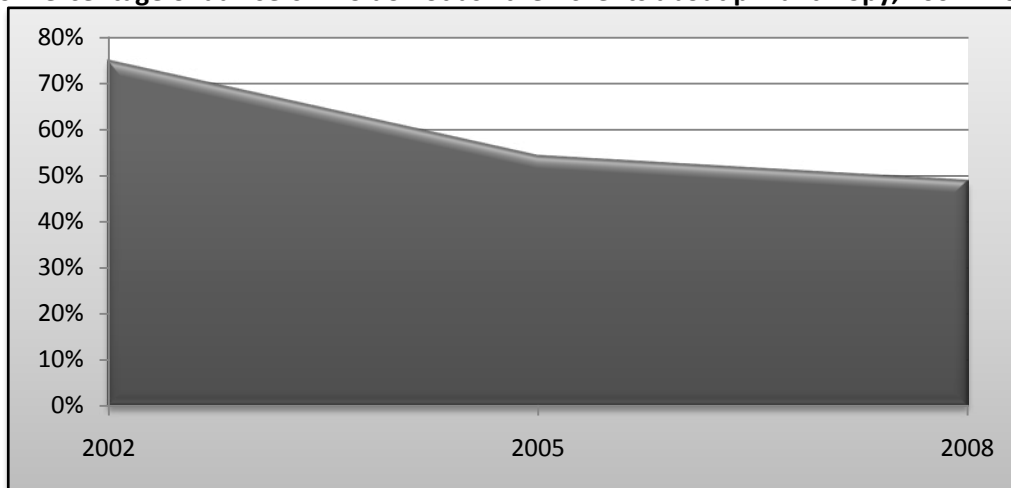
There has also been an overall increase since 2002 in the percentage of advisers who reported that they would refer HNW clients interested in philanthropy to others (such as philanthropy consultants). However, this decreased in 2005 (see Figure 65 below).¹⁴

Figure 65: Percentage of advisers who would refer HNW clients interested in philanthropy to others, 2002 - 2008



The percentage of advisers who do *not* ask their clients about philanthropy has reduced. In 2002, 75% of advisers said it was not their policy to ask, while in 2008, just under half (49%) reported that they do not ask often.¹⁵

Figure 66: Percentage of advisers who do not ask their clients about philanthropy, 2002 - 2008

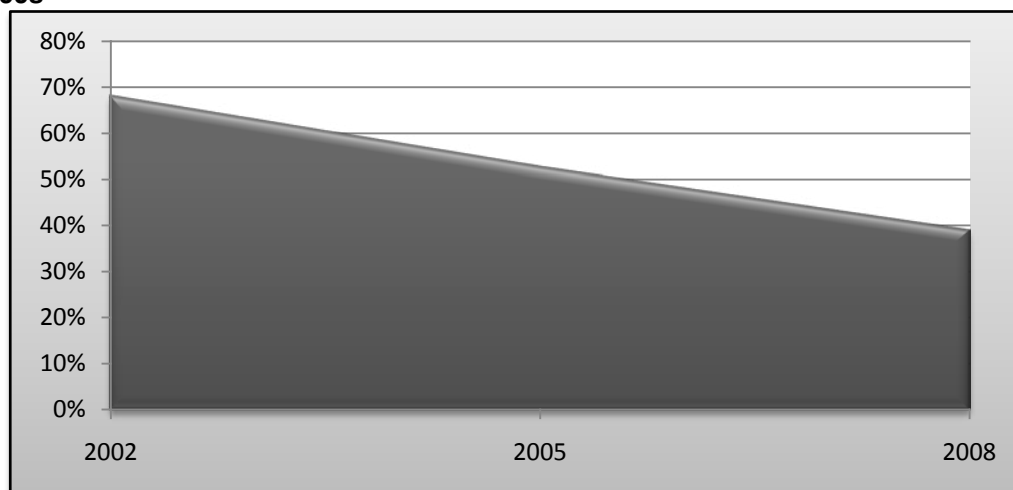


¹⁴ In 2005 and 2008, respondents were given the options of yes, no, and not sure/not applicable, while in 2002, respondents selected either yes or no. For the purpose of comparison, not sure/not applicable responses from 2005 and 2008 have been removed here.

¹⁵ Exact wording of the questions varied between each instalment of the survey, as did the measurement. In 2002, respondents were asked, "Is it your policy to ask clients about their interest in charitable giving or philanthropy?" In 2005, respondents were asked, "Do you ask clients about their charitable interests or intentions in your standard needs/client profile?" In 2008, respondents were asked the extent to which they agreed with the statement "I often ask my HNW clients about their philanthropic needs". In 2002 and 2005, respondents could select yes or no, while in 2008 respondents could select 1-5 depending on the extent of their agreement. Those who disagreed either strongly or moderately are presented here.

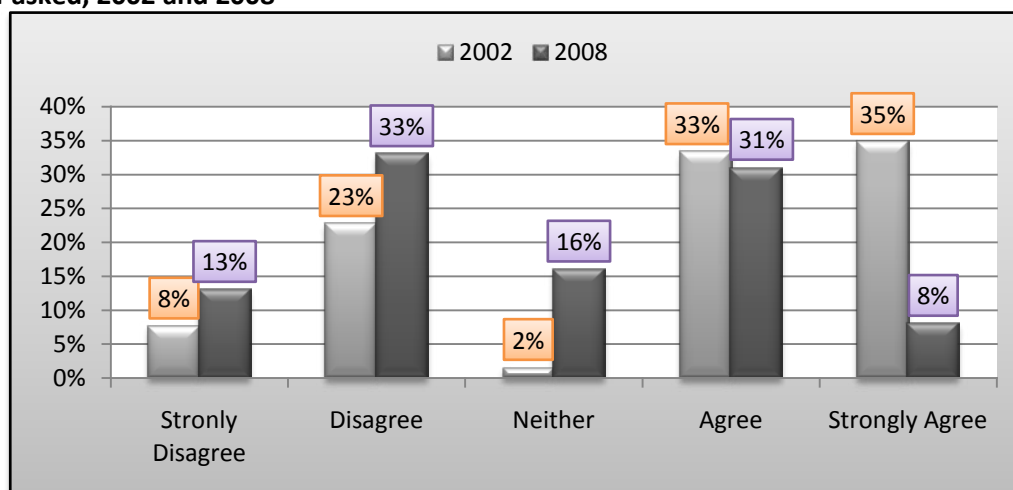
The percentage of advisers who feel philanthropy should only be discussed if a client raises the subject first has decreased since 2002, falling from 68% of advisers to 53% in 2005. Even so, this percentage is still sizeable in 2008, at 39%.¹⁶

Figure 67: Percentage of advisers who do not discuss philanthropy with their clients unless asked, 2002 - 2008



Further, advisers who do believe that *clients* should be the ones to raise philanthropy, are less likely to feel this intensely than in 2002 (with only 8% strongly agreeing in 2008 compared to 35% in 2002). Figure 68 below shows that almost half (46%) of current advisers do not believe it should be left to the client, compared to 30% in 2002.

Figure 68: Extent to which advisers agree that they should only discuss philanthropy with their clients if asked, 2002 and 2008

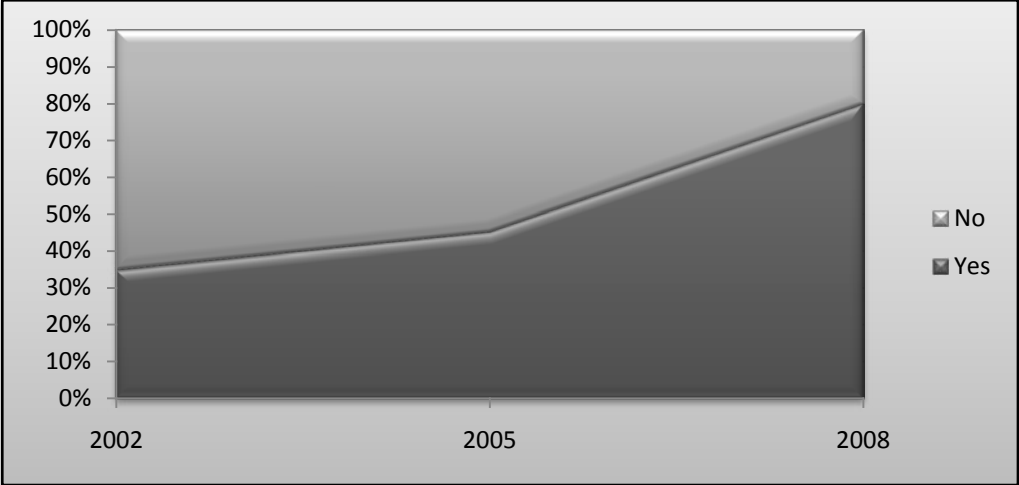


¹⁶ As above, exact wording varied. In 2002, respondents were asked the extent to which they agreed with the statement "I only discuss charitable giving when a client expresses an interest in it first". In 2005, "I normally only discuss charitable giving if the client raises it first". In 2008, "I don't discuss the issue of philanthropy with my HNW clients unless they ask about it. In 2002 and 2008, respondents could select 1-5 depending on the extent of their agreement, while in 2005, respondents selected either agree or disagree.

Personal giving has increased

In 2005, 57% of advisers who assisted their clients with a philanthropic strategy said they personally engaged in philanthropy while only 38% of those who did not offer this assistance were philanthropic (an average of 48%). In 2008, the wording of the question changed slightly but 80% of all advisers described themselves as philanthropic. Moreover, the average donation was well above the average donation for Australians generally.

Figure 69: Percentage of advisers who personally engage in charitable giving, 2002 - 2008



5.0 DISCUSSION

As the previous section highlights, the past decade has seen many Australian advisers shift in their views, and their behaviour, about providing philanthropy services to HNW clients. Philanthropy is being discussed more widely and more initiative is being taken to identify clients with needs in this area and to determine strategies that best suit their situation. It is interesting to see that the rise in the number of Prescribed Private Funds in Australia since their introduction in 2001 has had a flow-on effect on advisers' perceptions, with 23% of advisers believing that more than 5% of their HNW clients were using a private foundation or philanthropic trust. In 2005, this figure was 18%. (While the question was framed differently in 2002, almost half of all respondents (48%) believed no clients were using such vehicles).

As well, almost 40% of this study's respondents were accountants or lawyers, confirming a growing interest in philanthropy. In previous studies, there was negligible participation by these groups. The one pocket of resistance is with private banking sector. That so few private bankers could be enlisted to participate in the survey raises doubt that the private banking promise of a highly customised, integrated service suited to the wealthy is being met.

At the same time, as the survey was conducted prior to the main impacts of the global financial crisis, it is not yet known how this will affect advisers' interest in advising clients about philanthropic investments, especially over time. In some respects, it is useful that the survey was conducted at this time as the momentum of changes up to this occurrence can be seen more clearly.

Two main observations may be made, keeping in mind that the survey has changed over time with a broader sweep of advisers now taking part, both in numbers and professional categories, and in turn a broader sweep of their clients is included, as the survey itself includes a wider definition of HNW.¹⁷ Perhaps such changes explain the recent aberrations to larger trends seen in the 2008 study (for example, while still a clear majority, fewer believe it important for people to make a difference if they can, and a greater reservation shows in support of a range of motivations to provide philanthropy services between 2005 and 2008). However, two main observations can be seen.

Firstly, it is disturbing that so many professionals in this country still commonly overlook a client's philanthropic interests within the larger landscape of their financial and legal circumstances. Half of Australian advisers appear not to offer any real counselling in this area, leaving clients on their own to find a path through a maze of decisions that arise when a philanthropic interest takes hold (Madden, forthcoming). In this respect, not only do we trail the USA but also Canada, a country closer to our own in many respects, where the figure is around a third who generally do not offer such services (Madden and Wymer, 2008).

¹⁷ In 2008, the World Wealth Report's definition of HNW was adopted (those with a net worth of \$1.2 million – the equivalent of US\$1 million) OR with an annual taxable income of \$100,000, to also include those with disposable income but little by way of assets. The \$100,000 mark was chosen as tax statistics are available for those in this income band and higher. Earlier studies used higher benchmarks for HNW: in 2005, HNW was defined as having a minimum of \$2.5million or an annual income of \$250,000 and in 2002, the term referred to those with \$2 million or an annual income of \$500,000. The main reason for the change is to better allow for future comparisons with overseas studies. At the same time, the broader parameters must be considered in interpreting results. The main impact is that philanthropy might be expected to be of less interest to clients as more of lesser wealth are included, and thus of less interest to the professionals who seek to meet their needs. That the reverse is true underlines the change that has occurred.

By avoiding the topic unless it has been raised by clients themselves, professional advisers place the onus of knowing when professional planning is intelligent onto the shoulders of clients. If individuals are unaware of *why* they should speak with their adviser, it is unsurprising that they do not seek assistance (Madden and Scaife, 2008b). Given this circular pattern, a large cohort of HNW is destined to *miss out* on advice that can serve their own interests, as well as those of the community organisations they wish to support. This would be detrimental to healthy philanthropic engagement in Australia.

How so? Quality advice will support individuals at different stages of philanthropic engagement. Those thinking about doing something - or are ready to think about it - can be assisted in beginning the philanthropic journey, with issues that need to be considered and resources that may help being drawn to their attention. While data is limited, studies suggest there may be many in this category (Giving Australia, 2005; Madden and Scaife, 2008a). Those experimenting with philanthropy can ensure that their philanthropy aligns with the fulfilment of other personal and financial goals, while experienced donors are looking for greater impact and projects that are more interesting – advisers can assist with identifying the right giving vehicles, especially as needs evolve, and networking to meet more advanced interests.

From the nonprofit sector, having an informed professional on hand boosts donor confidence, with implications for stronger philanthropic partnerships. Confidence that strategies are optimal from both a personal and family point of view and from the point of view that gifts are making a real difference is likely to increase giving levels, involvement in philanthropic endeavours, and ultimately, whether philanthropy is satisfying to these clients.

At the nub of adviser reluctance to raise questions about philanthropy, appear to be issues relating to what they originally learned their professional roles *should* entail, and ongoing role learning shaped by professional development, business models, and reward and recognition structures, as well as norms within firms and peer groups, and client expectations. While these role boundaries appear to be loosening, a sizeable group are still not comfortable asking questions around giving interests.

The *second* issue highlighted by this study is that even if clients do ask their adviser about their giving, there is a continuing concern about providing the best possible advice. Since 2002, *our surveys have shown that almost half of surveyed professional advisers do not feel as well prepared as they would like to be in advising their clients about philanthropy* (of course, some in this group are quite well informed but would like to be better informed. That is, the more they know, the more they realise they do not know.) In contrast, 78% of Canadian advisers are confident of developing a suitable philanthropic giving plan for their clients (Madden and Wymer, 2008).

The perceived 'gap' in expertise may be the result of more philanthropic options coming on line since 2000, each with its own complex set of requirements, combined with great pressure from new regulatory requirements regarding accountability and transparency, new products and growing competition for the advisory dollar. While increased opportunities for training, resources and organisational support do appear to be having an impact, the latest study indicates that much more support and incentive is needed. It is not as if advisers are *unable* to up skill but why do they really need to do so when they are already time-pressed?

Those who are motivated to develop greater expertise are likely to be those who view philanthropy advice as an augmentation of the core services offered, beyond simply wealth accumulation and preservation. Philanthropic advice adds to the services that can be offered by an adviser to meet a client's individual circumstances, while also providing the 'glue' for the client interested in philanthropy to stay with the firm in the face of competitor enticements.

One of the drivers of change may lie in a better understanding of their clients' philanthropic needs and interests. At the moment, only around 20% of Australian advisers feel very well informed about their clients' interest in philanthropy, as opposed to around 50% of Canadian advisers who do (Madden and Wymer, 2008). Do Australian advisers, on the whole, see counselling on philanthropic giving as important for their clients? Not necessarily. Their perceptions of client philanthropy paint a picture of very low giving. Is it really so rare for people to give? Studies suggest otherwise. Australia's wealthy, like the wealthy in other countries, do give more than those on lower income and more give than in the general population. It appears to be a case of many advisers needing a better appreciation of their clients' lives.

This second issue of motivating advisers to deepen their technical knowledge of philanthropy options to optimally meet a client's specific circumstances is crucially important, because advisers will continue to shy away from initiating conversations around philanthropy if they do not believe they can then advise wisely in the area.

The emergence of two types of adviser (the warm and the cool) in the provision of philanthropic assistance, backed by statistically significant differences over a range of indicators, is thought provoking on a number of fronts. It would not be surprising if such a distinction, supported by further research, prompted the HNW to seek out the former in their philanthropic decision-making. It also raises some interesting questions for firms in extending their services to encompass a client's philanthropic interests, as well as having implications for nonprofit organisations seeking to create a dialogue with advisers. Further testing will be needed in future studies to better understand the strength of these differences, and whether one might easily gauge an adviser's orientation. It would be interesting, too, to investigate the client's experiences with these two types of adviser and the difference it makes.

So, given this study's findings, what are the issues to be addressed if professional advisers are to assist in facilitating effective philanthropy in Australia? For the purpose of this discussion, suggested needs are clustered around the *resolution* of the two 'roadblocks' discussed above: firstly, adviser passivity in discussing philanthropy with their HNW clients and, secondly, concern about providing quality philanthropy advice.

Two primary needs are suggested around **Issue 1: Discussing philanthropy with HNW clients**

1. To see philanthropy as an essential part of an overall service to clients; and
2. For constraints to be addressed, particularly the view that philanthropy falls outside one's professional role and how to manage a negative client reaction.

A further five key needs are suggested around **Issue 2: Providing quality philanthropy advice**

3. To feel sufficiently informed to provide philanthropic assistance;
4. To have sufficient training to advise about philanthropy;
5. To locate philanthropic planning resources easily;
6. To have organisational support in providing philanthropic assistance; and
7. To see their peers providing a high quality advice about philanthropy.

Those with a *cool* adviser profile - whether they are financial advisers, planners, accountants, or lawyers - are likely to benefit the most from efforts to address these needs purely because so many of them are affected. Yet the warm advisers cannot be overlooked; this segment also has needs, especially around providing quality philanthropic advice.

Who is best placed to address these needs? Only by means of a collaborative effort between leaders and peak bodies in the advisory and nonprofit sectors, and intermediaries in the philanthropic space, are solutions likely to be found. This is because unless these needs are addressed from many angles, there will be too little reinforcement to support attitudinal and behavioural change. Too little momentum is likely to be built by just one player in what is an environmental issue. The field of social marketing provides ample evidence of the infrastructure and communication factors that combine to produce, and reproduce, behaviour and the kind of joint effort needed to foster social change. Moreover, a wide range of strategies is demanded, for the very same reason.

Indeed, peak professional and industry bodies, and leading intermediary groups in the financial and legal services and philanthropic spheres, arguably, have a *vital* role to play in developing a joint effort. Such organisations promote advisory excellence and access to quality advice by the community. They also adopt an ethical stance to their respective fields of interest, and foster leadership that cuts across self-interested behaviours of members to make a larger social contribution.

To date, we have witnessed rallying calls to improve philanthropy advice in the professional literature mainly by advisers in the US and initiatives such as formation of the International Advisers in Philanthropy, an association that aims at networking, sharing and building resources by professional advisers.¹⁸ In the UK, there is interest by those in the philanthropic space to build on the successes of the earlier Government campaign effort. For example, the nonprofit organisation New Philanthropy Capital has geared up its initiatives aimed at bolstering professional advisers' capacity to guide donors. In Australia, which has not benefited from a Government campaign in this area, it has been left to larger firms, and increasingly, boutique wealth managers and family offices; to push boundaries, with some support from consultancies and nonprofit organisations. Across these countries, the opportunity exists for co-ordinated action to address the fragmented nature of advice about philanthropic investments, especially by peak bodies and leader organisations, which have taken a low-key role to date despite their influence. Some would argue that a more collaborative effort is demanded to reach a tipping point for the provision of advice about philanthropy in Australia. In the meantime, if the HNW do not do their homework, getting high quality advice about philanthropy in Australia is still a risky venture.

¹⁸ see <http://www.advisorsinphilanthropy.org/>

6.0 CONCLUSION

Where does research about philanthropic advice by professional intermediaries need to go from here? The trends research needs to be continued. Tracking the changes in attitudes and behaviours within the advisory field allows training and support needs to be known and acted upon. Firms with philanthropy services divisions and those heading in that direction need to be aware of the variation that exists within their staff base and issues needing attention. Nonprofit organisations also need to be informed in their communication and activities with advisers: where resources should be spent. Above all, such research lets HNW donors know that they are more likely today to *find* the kind of advice that will enable them to give well.

However, additional research is also indicated in three areas:

- The impact of the global financial crisis on advisers' interest in assisting their HNW clients with philanthropy;
- The provision of advice about philanthropy by private bankers in Australia; and
- Further exploration of this study's biggest finding, that there are two distinct types of advisers for philanthropy help, regardless of their professional category.

It is the last type of study that is particularly valuable for those interested in understanding the factors that shape the likelihood of excellent advice about philanthropy being available, now and in the future.

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APPENDIX 1: SURVEY QUESTIONS

Is Philanthropy Relevant? Survey of Professional Advisers in Australia

We invite you to complete this survey on assisting high-net-worth (HNW) clients with philanthropic planning. HNW is defined here as individuals who have investable assets of at least \$1.2 million (apart from their principal residence) or an annual taxable income of at least \$100,000.

Your responses to this survey are invaluable to providing an accurate picture of the current thinking of advisers in Australia. In return, we offer our findings to you free-of-charge from our website. Please note:

- This survey is for financial advisers and planners, private bankers, accountants, and lawyers;
- We do not ask sensitive client information, and we seek only your personal views;
- Responses are completely confidential: we employ strict University ethical standards for privacy and we seek only patterns in combined responses;
- You do not need to be interested in philanthropic planning to participate;
- You do not need to have only HNW clients to complete this survey;
- There are only 25 questions in this survey.

By completing this survey you are indicating:

- That you agree to participate in this project voluntarily and have sufficient background information;
- That should you have any questions about the project at any time, you can contact the chief investigator Dr Kym Madden at Queensland University of Technology on k.madden@qut.edu.au or tel. (07) 3138 9298;
- That should you have concerns about the ethical conduct of the project, you can contact the Research Ethics Officer at the University on (07) 3138 2340 or ethicscontact@qut.edu.au. The Research Ethics Officer is not connected with the research project and can facilitate a resolution to your concern in an impartial manner.

Please answer the following questions by selecting the most appropriate box unless otherwise directed. Note: the term ‘philanthropy’ refers to financial gifts of some substance to charities and nonprofit organisations. There is no set level for such gifts; it is a subjective term to be defined by the individual concerned.

1. In the past year, approximately how many HNW clients have you advised? *As a reminder, HNW is defined as individuals who have investable assets of at least \$1.2 million (apart from their principal residence) or an annual taxable income of at least \$100,000.* (Please choose one box)

' 0-20 ' 21-50 ' 51-80 ' Over 80

2. What percentage of your client base could be considered HNW at the moment (using definition above)?

' 0-20% ' 21-50% ' 51-80% ' Over 80%

3. Do you agree or disagree with each of the following statements? (Tick one box for each statement)

1. Philanthropy is really only for those with assets over \$5m

' Agree ' Disagree

2. With the fluctuating financial markets, philanthropy will interest clients less

' Agree ' Disagree

3. I do not expect my HNW clients to be interested in philanthropy

' Agree ' Disagree

4. If a client showed low interest in philanthropy, this is unlikely to change

' Agree ' Disagree

4. With approximately what percentage of your HNW clients have you discussed philanthropy?

' 10% or fewer ' 11 - 40% ' 41 - 80% ' Over 80%

5. Would you develop a strategy for a client interested in philanthropy?

(Choose one box)

' Yes - I would personally develop a suitable strategy

' No - but others in my firm would

' No - but I would refer my client to someone outside my firm who could

' No - I do not expect this to come up

' Not sure/not applicable

Comment? _____

6. Would you be likely to refer HNW clients interested in philanthropy to others (such as philanthropy consultants or Philanthropy Australia) for assistance?

' Yes

' No

' Not sure/not applicable

Comment? _____

7. As far as you know, what percentage of your HNW clients use each of the following? (Tick one box for each statement).

1. Private foundation or philanthropic trust governed by trustees including clients themselves (including Prescribed Private Fund)

' Fewer than 5% ' 5 -10% ' 11 -20% ' 21 -30% ' 31 - 50% ' Over 50%

2. Donor-advised fund including community foundation

' Fewer than 5% ' 5 -10% ' 11 -20% ' 21 -30% ' 31 - 50% ' Over 50%

3. Trust company e.g. Perpetual Trustees, ANZ Trustees

' Fewer than 5% ' 5 -10% ' 11 -20% ' 21 -30% ' 31 - 50% ' Over 50%

8. As far as you know, what percentage of your HNW clients intend to leave a charitable bequest or create a trust/foundation on their death?

' Fewer than 5% ' 5 -10% ' 11 -20% ' 21 -30% ' 31 - 50% ' Over 50%

9. How informed would you describe yourself about your HNW clients' philanthropy?

Not informed at all	Not very well informed	Somewhat informed	Well informed	Extremely well informed
1	2	3	4	5

10. How informed would you describe yourself about your HNW clients' interest in philanthropy?

Not informed at all	Not very well informed	Somewhat informed	Well informed	Extremely well informed
1	2	3	4	5

11. In your opinion, what are the key reasons that people engage in philanthropy? (Tick as many as apply)

- ' They want to improve their community
- ' They care greatly about a cause, issue or institution
- ' They want to create a legacy
- ' They want to shape their public image
- ' They want to influence the values of their children
- ' They have no or little family
- ' They have already looked after personal and family needs
- ' They have been successful and want to give back
- ' They have religious or spiritual motivations

Other? _____

12. In your opinion, what are the key reasons people do not engage in philanthropy? (Tick as many as apply)

- ' They believe they may need the money themselves
- ' They want to pass on their money to their children
- ' They haven't really thought about it e.g. may be too busy
- ' They underestimate their financial capacity
- ' They may be unsure of how best to do this e.g. may be undecided what to do
- ' They don't think their money will be used wisely by charities

Other? _____

13. How important is each of the following motivations for you personally to assist with philanthropic planning, whether or not you do so at the moment. (Circle one answer for each statement.)

	Not very important	Somewhat important	Neither important nor unimportant	Important	Very important
1. Provision of this kind of advice should be part of our overall service	1	2	3	4	5
2. By planning wisely, philanthropic giving can reduce taxes	1	2	3	4	5
3. People can find a lot of satisfaction in giving	1	2	3	4	5
4. It is important for people to make a difference if they can	1	2	3	4	5
5. The client may have limited family ties or no obvious beneficiaries	1	2	3	4	5
6. Other?					

14. How important is each of the following constraints for you personally in offering philanthropic planning? (Circle one answer for each statement.)

	Not very important	Somewhat important	Neither important nor unimportant	Important	Very important
1. It's outside my professional role	1	2	3	4	5
2. I'm unsure of how best to advise in this area	1	2	3	4	5
3. There is little financial incentive	1	2	3	4	5
4. Clients may react negatively	1	2	3	4	5
5. Other?					

15. Which of the following resources would be useful to you personally in assisting clients with philanthropy? (Tick all that apply)

- ' An overview of philanthropic options
- ' Sample documents e.g. to establish a private foundation
- ' Updates on developments in philanthropic giving
- ' Case studies
- ' Advice from peers

Other? _____

16. How informed would you describe yourself about providing such assistance to clients?

Not informed at all 1	Not very well informed 2	Somewhat informed 3	Well informed 4	Extremely well informed 5
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17. To what extent are you personally interested in providing philanthropic planning advice to clients, whether you currently do so or not?

Not interested at all 1	Not very interested 2	Somewhat interested 3	Interested 4	Extremely interested 5
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18. Please complete the following statement in your own words:

I would be more interested in assisting HNW clients with philanthropic planning if...

19. Please indicate the extent to which you agree or disagree with the following statements by circling the appropriate point on the scale.

	Strongly disagree	Disagree	Neither	Agree	Strongly agree
I often ask my HNW clients about their philanthropic needs	1	2	3	4	5
I view philanthropy positively	1	2	3	4	5
I can personally afford to be philanthropic	1	2	3	4	5
I am proactive in approaching my HNW clients about philanthropy	1	2	3	4	5
I personally believe that being philanthropic adds to quality of life	1	2	3	4	5
If a client is not interested in philanthropy, I am likely to raise the issue later as things may have changed	1	2	3	4	5
I am concerned that raising the topic of philanthropy might damage the client relationship	1	2	3	4	5
I donate funds of my own to philanthropy	1	2	3	4	5
I have a desire to discuss philanthropy with my HNW clients	1	2	3	4	5
I don't possess the training to advise my HNW clients on philanthropy	1	2	3	4	5

	Strongly disagree	Disagree	Neither	Agree	Strongly agree
I am motivated to provide my HNW clients with philanthropic advice	1	2	3	4	5
It is easy to locate philanthropic planning resources in my organisation	1	2	3	4	5
Giving HNW clients advice about philanthropy does not usually form part of my advice process	1	2	3	4	5
I have no interest to discuss philanthropy with my HNW clients	1	2	3	4	5
I lack the skills and knowledge to advise my HNW clients in philanthropic matters	1	2	3	4	5
In my organisation, advisers discuss philanthropic interests with their HNW clients from the beginning of their relationship	1	2	3	4	5
I don't discuss the issue of philanthropy with my HNW clients unless they ask about it	1	2	3	4	5
It is accepted that advisers discuss philanthropy with their HNW clients in this organisation	1	2	3	4	5
There is no real support for advisers wanting to discuss philanthropy with their HNW clients in this organisation	1	2	3	4	5

And finally some demographic information:

20. Your gender? ' Female ' Male

21. Your age group?

' Under 30 ' 30-39 years ' 40-49 years ' 50-59 years ' 60-69 years
' Over 69

22. Postcode of your workplace? _____

23. Do you personally engage in philanthropic giving?

' Yes ' No Comment? _____

24. In the past year, how much have you given in charitable contributions? \$ _____

25. What best describes your professional role?

' Financial Adviser/Planner ' Private Banker ' Accountant ' Lawyer

Thank you very much for your time.

APPENDIX 2: RAISING INTEREST

How to raise advisers' interest in philanthropic services?

A number of suggestions were made by advisers in response to the open-ended survey question, 'I would be more interested in assisting HNW clients if...' and these are categorised by theme. In all, 52% of those *not* currently advising about philanthropy commented, along with a further 43% of those who are.

However, it is noted that not all of these responses were suggestions, as these examples show:

'We already alert clients to their options in this regard and assist where possible.'

'We already have embraced this strategic dimension in our estate services.'

All useable responses were categorised by subject matter and five main themes' in these narratives emerged. These are illustrated by respondents' actual comments below. Only one set of themes is given, as there were no substantial differences between advisers who do assist clients with philanthropy and those who do not.

Table 2: Suggestions for raising advisers' interest in philanthropic services

Theme	Examples of comment by adviser in response to: 'I would be more interested in assisting HNW clients if....'
Want an easy and stress-free method of advising about philanthropy	<i>'[If] I could find a successful way of communicating and raising the issue with clients in a non-confrontational way.'</i> <i>'[If] we had an easy system with which to advise and implement and monitor it.'</i> <i>'[IF] there was a simple process that required as little time as possible from the client perspective.'</i>
Want to be confident of benefits of philanthropy	<i>'[If] I had seen a great benefit materialise after assisting in running a PPF or other [entity] over a number of years.'</i> <i>'[If] there was a concise document providing an overview of the options available to the clients which summarised the benefits personally and to the community of philanthropic giving.'</i> <i>'[If] I had a clear understanding of the benefits that flow to the client and hence the secondary benefit to the adviser.'</i> <i>'[If] I was able to demonstrate to them the range of options available in giving in this manner and the social value of their prospective charity.'</i>

<p>Want to know there is client demand for it</p>	<p><i>'[If] I believed clients wanted such advice. My many years of experience indicate it would be considered impertinent and inappropriate for such advice to be preferred unless it is sought, which it never is. HNWI individuals know what they want.'</i></p> <p><i>'[If] the client need was strong.'</i></p> <p><i>'[If] I felt they would respond positively. It is extraordinary how people with so much give so little and yet some think they are giving a lot when they donate less than 0.1% of their wealth. I think Australians are not as philanthropic as they should be.'</i></p> <p><i>'[If] philanthropic organisations actively promoted it to the public.'</i></p>
<p>Want to be informed about providing this type of advice</p>	<p><i>'[If] I knew more about it.'</i></p> <p><i>'[If] I was more informed.'</i></p> <p><i>'[If] there was more information readily available about the options for clients.'</i></p> <p><i>'[If] there was a freely available scorecard on different charities listing such things as percentage of income provided to donees - i.e., wastage - plus examples of their projects in a standardised 2 or 3 page format plus other relevant info.'</i></p> <p><i>'[If] general background information on available options and benefits to clients were readily available.'</i></p> <p><i>'[If] I was more confident about the subject matter and how it would suit a client's circumstances. Peer group discussions including tax advisers and financial advisers with experience in this field would be particularly helpful from my perspective.'</i></p>
<p>Want it to fit into business model</p>	<p><i>'[If] we made philanthropic giving a more visible part of our service offering and clients had an expectation that we should ask them about it.'</i></p> <p><i>'[If] it was an approach adopted by my firm.'</i></p> <p><i>'[If] there was support from my dealer group to give such advice.'</i></p> <p><i>'[If] my Employer encouraged it.'</i></p> <p><i>'[If] the ASIC regulations allowed greater room to provide this advice.'</i></p> <p><i>'[If] I could develop a strategy to integrate into my business model.'</i></p>

Other (including money and time)	<p><i>'[If] I didn't lose current funds under management.'</i></p> <p><i>'[If] I was advising on a substantial portfolio of investments. Time constraints may also be an issue.'</i></p> <p><i>'[If] my children were older and I had more free time.'</i></p> <p><i>'[If clients] could be quite sure that the funds they are leaving behind will be put to good use and not abused.'</i></p>
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CONTACT INFORMATION

**The Australian Centre for
Philanthropy and Nonprofit Studies**
Queensland University of Technology

Phone +61 7 3138 1020

Email cpns@qut.edu.au

Website: www.cpns.bus.qut.edu.au

GPO Box 2434 BRISBANE

QLD Australia 4001

CRICOS code: 00213J